Austria	Sch.18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din.0.650	Italy	L1200	S. Arabia	Rls 6.00
Belgium	Bfr 38	Japan	Y350	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 100
Cyprus	C£0.65	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	L£ 5.00	Sweden	Skr 6.50
Egypt	E£1.50	Luxembourg	LFr 38	Switzerland	SFr 2.00
Finland	Fmk 5.50	Malaysia	Rgt 4.25	Taiwan	NT$55
France	Fr 5.00	Mexico	Pes 300	Thailand	Bt 30
Germany	DM 2.20	Morocco	Dh 8.00	Tunisia	Din 0.650
Greece	Dr 60	Netherlands	Fl 2.50	Turkey	L 180
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.A.E.	Dh 6.50
India	Rup 15	Philippines	Pes 20	U.S.A.	$1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,478 Monday November 19 1984 D 8523 B

France's prophet of doom gets one more hearing, Page 11

NEWS SUMMARY

GENERAL

Security tight for Irish talks

Mrs Margaret Thatcher, the British Prime Minister, and her Irish counterpart, Dr Garret FitzGerald, opened what is regarded as the most important Anglo-Irish summit since the series of meetings began in 1980.

The talks, which continue today, are taking place amid unprecedented security precautions. The Irish Government is determined that the summit should at least begin to enable Northern Ireland's constitutional nationalist parties to re-enter the political process and prevent the IRA and its political wing, Sinn Fein, from gaining further support.

The most likely outcome of the summit, however, is low-key agreement on broad principles. Page 12

Nicaragua offer

Nicaraguan president-elect Daniel Ortega is willing to meet President Ronald Reagan to discuss his country's disputes with the U.S., a government official said. Good relations sought, Page 2

'Terrorist' Gaddafi

Egypt's President Hosni Mubarak branded Libyan leader Col Muammar Gadaffi an international terrorist, renewing allegations that Libya was involved in plots to assassinate several world leaders. Col Gadaffi, visiting Malta, said President Ronald Reagan was mad and that the U.S. did not want Malta to remain independent.

Ustinov order

Soviet Defence Minister Dmitry Ustinov, 76, issued an order marking an army anniversary in what diplomats saw as a move to quell speculation that he was seriously ill.

E. Germans quit

Four East Germans from a group taking part in a sit-in at the West German embassy in Warsaw in an attempt to emigrate to the West have returned to East Germany. Nine other people are thought to remain in the building.

Toxic cargo menace

Italian freighter Brigitta Montanaru sank in the northern Adriatic carrying a cargo of liquefied vinyl chloride, which is explosive under pressure and suspected of causing cancer.

PLO talks collapse

A meeting of the Palestine Liberation Organisation leadership aimed at resolving differences between chairman Yassir Arafat and his opponents collapsed because of a boycott by Syrian-based members.

Iran tightens draft

Iran tightened military conscription and laid down stiffer penalties for draft dodgers after protests over reports of people buying their way out of serving in the war against Iraq.

Settlers win vote

French settlers opposed to independence for the Pacific island of New Caledonia swept to power in the national election after police fired tear gas and stun grenades against militants trying to disrupt voting.

Portuguese problems

Portugal's centre-left coalition appears to be cracking. Socialist Prime Minister Mario Soares asked deputy Sr Carlos Mota Pinto and his Social Democrat party to decide whether they wanted to stay in government. Page 2

3,000-year fire

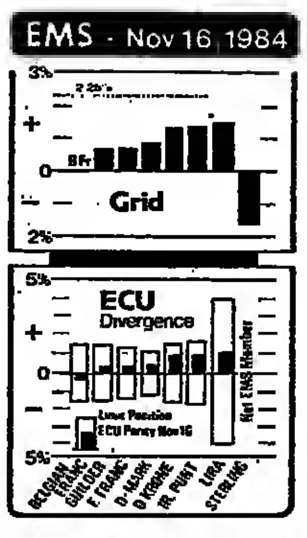
An underground fire in a central Asian coal deposit has been burning for more than 3,000 years and is likely to continue for centuries to come, Soviet scientists said.

BUSINESS

Statoil to operate N. Sea field

STATOIL, Norway's state oil company, is to take over from Mobil of the U.S. as operator of the Anglo-Norwegian Statfjord field in the North Sea as soon as possible after January 1, 1987. Page 2

A SLIGHT weakening of the D-Mark against the dollar helped to keep pressure off the European Monetary System last week. There was very little change within the system, after a period when the lira had shown signs of decline. It was unchanged on the week and remains at the top of the table. The Belgian franc was still the weakest currency, but improved slightly on balance, while the only other member to record any significant movement was the Irish punt, which was also a little firmer.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

FINLAND is to cancel all standby credits on the books of its central bank that have been used to protect the country against fluctuations in its reserves and balance of payments. The decision reflects Finland's confidence in its own economic outlook. Page 13

SWITZERLAND is threatened with drifting into a "dangerous offside position" as a financial centre, according to Mr Max Kuehne, management chairman of Swiss Bank Corporation. Page 15

FINANCIAL reconstruction of Regal Hotels, the heavily indebted Hong Kong group controlled by Mr Bill Wyllie, Australian entrepreneur, hung in the balance at the weekend after two weeks of opposition from a group of anonymous minority shareholders. Page 15

LESIEUR, French food group, will gain a 65 per cent stake in Koipe, Spain's leading oil processing company, this week through a capital increase that has finally been agreed with Koipe's Spanish shareholders. Page 15

INTERNATIONAL HARVESTER, U.S. heavy commercial vehicle and farm equipment manufacturer, refused to comment on strong speculation that the company was looking again at the possibility of disposing of its farm equipment division to Tenneco, the U.S. oil services group.

ALFA ROMEO, Italy's state-owned car company, has pumped £15.5m ($19.5m) into its British subsidiary to cover losses over the past two years. At the same time, Daimler Benz's UK unit suffered a 75 per cent drop in net profits to £1.5m in 1983. Page 12

ITALIAN clothing exports are expected to total L3,900bn ($2.1bn) for 1984, a rise in nominal terms of 12.5 per cent, according to the Italian Apparel Association. Page 3

Paris eases price curbs as inflation trend deteriorates

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has announced a modest step towards freeing some industrial prices, but it will maintain controls next year over an extensive range of industrial goods and services to hold down inflation.

The Government's concern over inflation is matched by mounting worries about unemployment in the wake of publication at the weekend of official figures confirming a worsening trend. For the first time, the number of jobless in France has passed the 2.5m mark, reaching 2.515m in October before seasonal correction. That is 4.1 per cent higher than the previous month and 16.2 per cent above the unemployment total of a year ago. In the past two months, unemployment has leaped by 275,200.

The plan to lift some price controls was disclosed at the weekend by M Pierre Bérégovoy, the Finance Minister, and marks a further shift towards liberalising the economy in accordance with the recent relaxation of exchange controls and of ceilings on bank lending – the *"encadrement du crédit"* system.

The Government has not been able to go nearly as far as it had hoped a year ago because of the persistence of inflationary pressures. Provisional figures for October announced last week showing an increase of 0.6-0.7 per cent in the index for the month means that inflation in France this year might now exceed the Government's revised target of 7 per cent.

With a substantial budget deficit next year, the Government is aware that too abrupt a relaxation of controls would sabotage its target of bringing down the inflation rate at the end of 1985 to 4.5 per cent, as well as adding to pressure on the franc.

M Bérégovoy announced that price controls would be lifted for items such as televisions, jewellery and various household goods, personal computers, some motor parts and most pet foods. He made clear, however, that controls would remain for clothing, textiles, footwear and cars – although French motor manufacturers are likely to be given more latitude for raising prices above the Government-defined norm.

About 35 per cent of French industrial goods are currently governed by price controls, along with almost all the service sector and retail price margins. The prices committee is to meet today to decide the price regime for 1985. That is expected to be based on a 3 per cent norm for next year.

M Bérégovoy gave a warning yesterday of the need to proceed cautiously in relaxing price controls, because, he said, "the battle against inflation is the key to our economic success."

At the same time, it has emerged that the unemployment benefit fund – jointly administered by the unions and employers with support from the state – is likely to return to deficit.

Confidential projections for the fund, leaked in the French press, show that it will have a deficit next year of FFr 1.3bn ($143m) if unemployment remains stable. However, the deficit would climb to FFr 4.3bn if unemployment rose next year by 250,000.

M Jacques Chirac, the Mayor of Paris, who was triumphantly re-elected leader of the neo-Gaullist RPR, warned the party's congress against being over-optimistic of victory in the legislative elections in 1986. He said that the Socialist Government could modify electoral law as it pleased and thereby reduce the scale of its defeat. Page 2

UK union leaders believe miners must give ground

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

MOST LEADERS of Britain's Trades Union Congress (TUC) now believe that the National Union of Mineworkers (NUM) must give ground if a settlement to the 36-week pit dispute is to be found in the near future.

That view includes both left-wing and right-wing members of the TUC but there is conflict over how to make the NUM leaders accept that that must happen.

The National Coal Board (NCB) has made clear that it will not re-open talks with the NUM unless the union gives an overt sign that it will shift its position of total opposition to pit closures. Meanwhile, the board is relying on the continued drift back to work to put more pressure on the NUM. It claims that nearly a third of the 180,000 miners are now working.

The TUC is extremely anxious to try to restart talks between the board and the union. Mr David Basnett, General Secretary of the General, Municipal and Boilermakers Union and a leading TUC member, said yesterday: "We ought to talk to the miners about a new Plan for Coal." The NUM has insisted throughout that the board must adhere to the agreed Plan for Coal first drawn up in 1974.

Some left-wing TUC leaders are sceptical of Mr Basnett's suggestion and are pushing instead the idea of an independent appeals body on pit closures "with teeth," able to override board decisions on closures because of social grounds. They also believe that the NUM leaders show little sign of wishing to compromise – an assessment shared by centre and right-wing leaders.

Mr Basnett believes that the Government should tell the board explicitly to withdraw its plan to cut 4m tonnes of capacity – the March 6 plan that began the dispute – in return for a commitment by the mineworkers to discuss a new Plan for Coal in the light of present market conditions.

He said on television yesterday that if Mr Peter Walker, the Energy Secretary, showed his willingness to talk along those lines, then "We will get the NUM there ... if people get into negotiations they have got to show flexibility."

Mr Peter Heathfield, the NUM general secretary, appeared to give some encouragement to that line of approach last night. He said the offer of considering changes in the Plan for Coal had been tabled by the NUM in the course of talks with the board.

"We cannot refuse them (the board) the right to discuss modifications," he said. "All we are saying is that the plan is a tripartite agreement which one side should not renege on. The dispute is round (Ian) MacGregor's (the NCB chairman) unilateral decision to close pits."

The six TUC leaders tasked with liaising with the NUM will meet the union's three national officials this week. Neither side expects the development of a new TUC initiative before the extent of the "drift back" to work is known at the end of this week.

The NCB's estimation is that some 7,000 miners will return over the next five days with as many as 2,000 of those returning in Yorkshire, the largest and one of the most militant coalfields.

Mr Michael Eaton, the board's communications chief, said yesterday that he believed the board might have as much as half of its miners back at work by Christmas – implying a continued acceleration in the back-to-work rate

India aims to woo tourists back

BY JOHN ELLIOTT IN NEW DELHI

INDIA is launching a campaign to attract tourists back to the country after mass cancellations of bookings in the wake of Hindu-Sikh riots just over two weeks ago in which over 1,270 people were killed.

Most group tourist holiday booking in big hotels have been cancelled for this month and 60 to 70 per cent of bookings are being cancelled through to next March.

That covers the whole of India's peak tourist season, which runs from November to February, and will cost the country a considerable slice of its annual $1.2bn tourism income, unless the trend is reversed.

Tourism is India's largest net earner of foreign exchange and the group bookings provide 40 per cent of the total tourism income. Most groups stay in the country for up to four weeks.

The riots broke out immediately after the assassination on October 31 of Mrs Indira Gandhi, the Prime Minister, and stopped within three days. Tourist organisers have been switching to other countries because of warnings, now withdrawn, by Governments in Europe and elsewhere about the dangers involved and because of continued publicity abroad about what happened during those three days.

Initially, tourism was also affected by curfews, a lack of bus transport and violence on some trains.

Now the Government wants to persuade organisers to return to India, emphasising that life is back to normal. "India is poised for a tremendous stride forward in tourism with operators seeing the country as a major growth centre," Mr Nitish Sengupta, Director General of Tourism, said yesterday.

"There is no danger here and we need to explain to foreign operators that it is business as usual."

The Government-owned Indian Tourist Development Corporation's hotels have lost almost all their group bookings this month.

The private-sector Taj group, owned by the Tata conglomerate, is worst hit in its large Palace hotels in places such as Jaipur and Udaipur, where up to 80 per cent of its business is being cancelled for the next few months.

The Welcom Group, owned by Indian Tobacco and linked with Sheraton of the U.S. expects its group cancellations to stop within a few weeks. The Taj and Welcom groups are doing almost normal business in hotels catering for commercial visitors who have returned to India in their usual numbers for routine transactions and important conferences and exhibitions.

The Government has been planning to give tourism a higher national priority and is likely to designate it as an industry in India's 1985-90 five-year plan.

India hopes to increase its current intake of 884,000 tourists (excluding 420,000 from neighbouring Pakistan and Bangladesh) to 2.5m by 1990. Earlier targets, abandoned in the past couple of years, aimed at 1.7m by 1985 and 3.5m by 1990.

Chile debt measures 'include $800m loan'

By Peter Montagnon in London

CHILE today begins talks with its top international bank creditors on new debt rescheduling measures expected to include a fresh bank loan of about $800m.

The talks, chaired by Manufacturers Hanover in New York, will concentrate initially on the country's economic prospects and will also be attended by senior representatives of the International Monetary Fund and the World Bank.

Bankers said it was not yet clear whether Chile would follow Mexico and Venezuela in seeking a multi-year rescheduling of debt falling due several years ahead or would concentrate only on 1985 maturities.

That is because Chile, whose finances have suffered from an unexpectedly weak copper price this year, still needs fresh money from bank creditors. Worries about its future cash flow prospects might make some bankers reluctant to agree to a multi-year deal.

Earlier this year, Chile indicated to top bank creditors that it might need some $1.2bn to $1.4bn in loans for 1985, but the amount was regarded as too large, given the growing reluctance of the banking community to add to its Latin American exposure.

As a result, Chile will also have to seek credit from official sources, such as governments and the World Bank, as part of an overall debt package that may take several weeks or months to complete.

One urgent task, however, is to ensure that bank creditors do not drop out of their current $2bn short-term trade credit facility, which expires at the end of the year. Chile has already taken steps to renew the facility by preparing legislation extending its government guarantee on the credits for a further two years.

Elsewhere in Latin America, banks are now considering a cut in their trade credit lines to Peru because only half the available amount of some $900m is actually being used.

That follows threats by some bank creditors to withdraw their lines altogether because of Peru's failure to pay interest on its foreign debt since midsummer.

Top bankers who hope to meet Peruvian officials again before the end of the month have been reluctant to penalise the country too openly for its failure to pay interest out of fears that might rebound against them in the highly charged political atmosphere surrounding Peru's debts.

Continued on Page 12

Stockholm set to redeem $1.2bn FRN

BY MAGGIE URRY IN LONDON

RETURNS on international lending have dropped so rapidly in the past year that Sweden has made the unprecedented decision to redeem a $1.2bn floating-rate note arranged in the Eurobond market as recently as January 1983.

The issue was the largest floating-rate note ever at the time. Now the interest rate is considered too high.

Mr Peter Engstrom, director of international loans at the Swedish debt office, said: "We are looking at a market which has changed rather dramatically. It was a great deal when we did it, but the market has moved."

Last month, Sweden sold a $500m issue by tender and gained a much finer margin of around 0.06 per cent over the London inter-bank offered rate for Eurodeposits, and today it will start to draw on a $4bn facility arranged in June by asking banks to bid for $200m in short-term Euronotes at a margin over the inter-bank bid rate for three-month deposits.

That rate, which is usually ⅛ points below the offered rate, means that Sweden has become able to borrow on more-or-less the same terms as many of the banks that traditionally lend to it, a development which many bankers believe reflects the fall in their own credit rating since the developing-country debt crisis started.

As one senior banker said, only half joking: "We think we are soon going to have to pay these people to let us lend to them."

Banks have this year been pressing loans on top-quality international borrowers even at very low rates to offset the large volume of high-priced business with debt-ridden developing countries stuck on their books.

The improvement in the balance of payments of many industrialised countries also means that prime-quality business has become more and more elusive. On Friday, Finland too announced that it was to cancel $1.5bn in bank credits, which it says it no longer needs.

Sweden is to repay its floating-rate note next February when the next interest payment comes due. The issue was originally given a final maturity date of 1993 and had been trading above par in the secondary market.

Other floating-rate notes rose on Friday after the announcement on fears that floating-rate paper would fall into short supply if other borrowers followed suit.

Bids on Sweden's Euronote sale must be in by Thursday, but it may take a further week before the result is known.

Finland to cancel standby credits, Page 13

French jets deliver warning to Gadaffi

BY OUR PARIS STAFF

THE FRENCH Government yesterday delivered an indirect warning to Libya to withdraw its remaining forces from Chad when two French fighter aircraft flew across N'Djamena, the capital, towards the north of the country.

The last French forces withdrew from Chad on November 10, conforming with France's agreement with Colonel Muammer Gadaffi, the Libyan leader, that both sides would pull out together.

M Claude Cheysson, the French Foreign Minister, confirmed yesterday that Colonel Gadaffi had "broken his word" and that France had demanded that he should keep it.

A week ago, in what Le Monde, France's leading daily newspaper, described on Saturday as the biggest diplomatic gaffe in the Socialists' three-year administration, M Cheysson said that all Libyan forces had left.

M Cheysson yesterday implied that French forces would return if the Libyans failed to withdraw. He said: "They [the Libyans] were there, we were there. They left, we left. If they return, we return."

He said that if one country failed to live up to its side of the bargain, then the other was freed from it and would take countermeasures.

The flight of the Jaguar aircraft across the capital and towards the north was clearly intended as a warning to Colonel Gadaffi that the French were prepared to intervene again.

The French authorities believe that 800 to 1,000 Libyan troops have remained in Chad, although without their heavy armour.

CONTENTS

Statoil takes over as operator of N. Sea field

BY FAY GJESTER IN OSLO

STATOIL, Norway's state oil company, is to take over from Mobil of the U.S. as operator of the huge Anglo Norwegian Statfjord field in the North Sea, as soon as possible after January 1 1987.

The shift will represent a further step towards freeing Norway from dependence on foreign oil companies' know-how, by giving Statoil its first experience of managing a field which is already in production.

Until now, its experience has been limited to exploration and planning new field developments.

Statoil and Mobil will agree on procedures for the change well before January 1 1987, which will enable it to take place without risk to safety or disruption of production. The change will happen no later than January 1 1989.

The timing of the handover was agreed last week after a prolonged and bitter wrangle within Norway's centre-right coalition. The argument came close to bringing down the Government.

The dominant Conservative Party, headed by the Prime Minister, Mr Kare Willoch, wanted to delay the change as long as possible, preferably until 1995 – the date favoured by Mobil.

The centre Agrarian Party insisted at first on January 1 1987, while ministers representing the coalition's third partner, the Christian Democrats, were inclined to go along with the Conservatives in order to avoid a cabinet crisis.

The Christian Democrats' parliamentary leader, Mr Kare Kristiansen, is Oil and Energy Minister.

The so-called compromise really amounts to a painful defeat for the Conservatives. It marks the first time that Mr Willoch and his party have lost an argument within the cabinet. On other disputed issues, the junior coalition partners have always backed down in order to keep the Government in power.

● Norway and the EEC failed to reach agreement on North Sea fishing quotas for 1985 during talks in Oslo last week.

Representatives of both sides will tackle the subject again at a meeting in Brussels on November 28 and 29 – the fourth in the present series.

The difficulty of fixing catch quotas for North Sea herring continues to be the main obstacle to an overall settlement. The two delegations are more or less agreed on the size of quotas for the other main types of fish, such as cod, haddock and mackerel.

Retaliatory Bonn levy on Swiss lorries

By Rupert Cornwell and Peter Bruce in Bonn

SWISS lorries face a retaliatory levy for the use of West German autobahns from next March, after the collapse of talks in Bonn last week to settle a dispute over Swiss plans to bring in general motorway tolls from next January.

The announcement by Berne last February, that all vehicles domestic and foreign would face annual motorway charges ranging from SwFr 30 for private cars to up to SwFr 4,500 ($1,840) for heavy lorries unleashed bitter protest here.

Despite three days of negotiations, an "unbridgeable" gap remained between the two sides, according to the West German Finance Ministry.

West Germany, where motorway travel is free, argues that the Swiss move is in breach of a 1928 traffic agreement between them. But Switzerland retorts that while its measure is non-discriminatory, the West German counter threat will apply only to Swiss lorries of over 3.5 tonnes weight.

Bonn sensitivity on the issue largely reflects the fact that the West German motorway network, Europe's largest and a vital transit for international road traffic, is one of the dwindling number on the continent not to carry charges.

Nicaragua 'seeks good links with Washington'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

SR MIGUEL D'ESCOTO, the Nicaraguan Foreign Minister, yesterday insisted that his Government wanted good relations with the U.S. He said he hoped for progress in the bilateral talks between the two countries due to resume in Mexico today. "We do not want to be enemies."

In an interview with CBS Television, he emphasised that improved relations with Washington could not be at the price of Nicaraguan "submission" to U.S. demands. He expressed continuing suspicion over U.S. intentions.

Sr d'Escoto accused the Reagan Administration of trying in the past few days to "contaminate" the American public with its own hysteria over Nicaragua and of stepping up its military muscle-flexing exercises in Honduras and the Caribbean.

He claimed that since the U.S. presidential elections this month, Washington had been looking for an opportunity to do what President Ronald Reagan had always wanted – "to topple our Government and reverse our revolution."

Sr d'Escoto dismissed U.S. accusations that Nicaragua was preparing military action against neighbouring Honduras or El Salvador as "sheer hypocrisy." The last thing that Nicaragua would do would be to provide a pretext for direct U.S. military action against it, he said.

There might or might not be more arms supplies on Soviet ships now heading for Nicaragua, Sr d'Escoto said, but "nothing we do not have a right to obtain." If President Reagan wanted Nicaragua to acquire fewer arms, he should call off the U.S. backed right-wing Contra rebels and stop sending CIA aircraft over the country.

Sr d'Escoto said the bilateral talks in Mexico had so far made very little progress because the U.S. approach had been a "charade." While Nicaragua hoped that a fruitful, constructive dialogue could now start, that would depend on the U.S. attitude. He hoped that the two sides could get on with the business of normalising their relations

Canada's inflation rate falls to 3.4%

By Bernard Simon in Toronto

PESSIMISM on Canada's economic prospects has diminished in recent days after a series of encouraging developments.

The Government announced on Friday that the inflation rate, measured by the consumer price index, dropped to its lowest level in October since summer 1971. The index rose by 3.4 per cent in the 12 months to October, compared with a 3.8 per cent increase in the year to September.

In addition, the Vancouver-based Bank of British Columbia became the first Canadian Bank to lower its prime lending rate from 12.5 per cent to 12 per cent after a 25-point drop in the trend-setting Bank of Canada rate. The leading banks are expected to follow Bank of British Columbia's example.

Mr Jim Webber, senior economist at Toronto Dominion Bank, forecast that the Canadian economy was likely to grow more rapidly than that of the U.S. in the second half of this year after several years of relatively sluggish performance.

Canada's gross domestic product grew by an estimated 6 per cent in the third quarter, and retail sales reached records in September.

The spate of good news has not swept away some serious concerns, however. Unemployment, although edging downward, remains above 11 per cent, and the Canadian dollar has come under considerable pressure on foreign exchange markets.

Spanish protest over education

BY TOM BURNS IN MADRID

HUNDREDS of thousands of mostly middle-class Spaniards thronged central Madrid yesterday to protest against education reforms in the biggest protest to date against the two-year-old Socialist Government.

The crowd, some members of which had arrived aboard charter flights, special trains and buses from throughout Spain, took more than three hours to cover a two-mile route along the broad, tree-lined Paseo de la Castellana. Organisers said 1.2m people took part in the demonstration. Municipal police said the protesters totalled between 250,000 and 300,000.

The demonstration was an impressive show of strength. It was the largest protest turnout faced by Prime Minister Felipe González and invited comparisons with the demonstration last June in Paris against the schools legislation proposed by the Government of former Prime Minister Pierre Mauroy.

The rally was led by a series of lobby groups, notably the Roman Catholic parents confederation and the Association of Catholic Teachers. It was against legislative measures already approved by the Spanish parliament and awaiting a ruling by the constitutional court after allegations that it contravenes constitutional guarantees over freedom of education.

Critics of the legislation say the Socialist Government has attached conditions to the public grants it gives to private schooling and accuse the Education Minister of seeking to control the educational process.

Malta reopens schools after fee row ends

By Godfrey Grima in Malta

MALTA's Roman Catholic Church will today reopen its 74 primary and secondary schools, attended by more than 18,000 students, following agreement reached last week with Premier Dom Mintoff's Government over fees.

The schools were closed by Archbishop Joseph Mercieca in October.

The church has now agreed not to charge school fees during the current school year. Discussions are taking place on how the schools can be financed jointly by the church and state while the fees system is dismantled for good.

The agreement, and the end of a 7-week stoppage by government teachers which crippled state schools, has not yet bridged divisions on the island. Two more bombing incidents, one involving the Italian Embassy and the other an opposition Nationalist Party club, were reported at the weekend.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022

Chirac re-elected as RPR party leader

BY DAVID HOUSEGO IN PARIS

M JACQUES CHIRAC, the Mayor of Paris who was triumphantly re-elected leader yesterday of his neo-Gaullist RPR, warned his party congress against being over-optimistic of victory in the legislative elections in 1986.

He said that prudence was necessary as the Government could modify the electoral law as it wanted and thus reduce the scale of its defeat. President François Mitterrand is expected to announce a switch to proportional representation next year from France's current system of single constituency majority voting.

The effect would be to strengthen the representation in the next National Assembly of the Socialists, the Communists and the extreme right-wing National Front which is stealing votes from the RPR.

M Chirac's warning came at a moment when M Mitterrand's popularity has sunk to a record low in the opinion polls with only 25 per cent of those questioned showing confidence in him.

Both he and M Laurent Fabius, the Prime Minister, launched a counter offensive last week designed to mobilise the government's discouraged supporters. The Government's shift away from its non-ideological stance of the summer is seen as a sign that it has accepted the opposition's challenge to an early opening to the 1986 election

M Chirac's RPR is the largest opposition party and the best organised. It has the support of about 29 per cent of the electorate as against the 22 per cent registered by the Socialists.

M Chirac said in his speech to the Congress that he feared that a reform of the electoral law could rob the opposition of the clear majority it would otherwise have in the National Assembly.

He said that if President Mitterrand attempted after 1986 to build a new majority in the assembly by wooing different groups, he could not expect the RPR to be a party to manoeuvres that undermined the natural majority in the country.

Conscious of the gains M Mitterrand made in the summer in appointing M Fabius as Prime Minister at 38, M Chirac replaced M Bernard Pons, 58, the party secretary general with M Jacques Toubon, 43.

Swiss Social Democrats vote

By Anthony McDermott in St Gallen

HERR HELMUT HUBACHER, president of Switzerland's Socialist Democratic Party for the last nine years, was overwhelmingly re-elected at the party convention in St Gallen.

There had been some opposition to the re-election, but this was swept aside by 703 votes to 39 ensuring that the party leadership remains for the next two years in the hands of the more radical party wing.

The Social Democratic Party is now the third-largest in the country and the largest left-wing party, with 53 seats in the 246-member parliament.

Cracks show in Lisbon coalition

BY DIANA SMITH IN LISBON

THE UNITY of Portugal's centre-left coalition is cracking with the two ruling parties clashing in public.

Sr Mario Soares the Socialist Premier has lost his patience with factions in the junior coalition party, the Social Democrats (PSD) which has constantly criticised the administration and threatened to block legislation in Parliament.

He has insisted that the PSD leader and deputy premier Sr Carlos Mota Pinto and fellow Social Democrats decide whether they want to be in government or opposition.

Sr Soares has insisted that if the PSD wishes to stay in government it must back legislation. A meeting between the leaderships of the two parties has been scheduled for later this month, after the PSD council meets to decide its position.

Until now, aware of Sr Mota Pinto's shaky position as leader of a party whose many factions have historically undermined the leadership, Sr Soares has kept difficulties with the PSD private, hoping to preserve a strong public image for the 18-month-old coalition.

But increasingly shrill PSD infighting over candidates for 1985 presidential elections, in which Sr Soares is expected to run, and the spillover of this infighting into the PSD's parliamentary attitudes, have worn out Sr Soares's patience.

Many PSD factions refuse to contemplate backing Sr Soares's candidacy in 1985.

The Socialist leader's ultimatum is a last ditch attempt to force the coalition back onto a footing where vital economic decisions can be taken. These have been neglected because of the coalition's internal difficulties.

Israel plans new $550m budget cut

THE ISRAELI Cabinet decided in principle yesterday to cut a further $330m from its annual budget as part of the effort to deal with the economic crisis, David Lennon in Tel Aviv writes.

This is the second time that the Cabinet has approved a budget cut in principle. Two months ago the ministers gave their backing to a proposal to slice $1bn from the annual budget.

A committee of four ministers has been appointed to discuss where and how the additional cuts will be made. A final decision is expected to be made at a special cabinet meeting in 10 days.

WORLD TRADE NEWS

Rolls-Royce set to bid for Finnish power station deal

BY LYNTON McLAIN

ROLLS-ROYCE, the state-owned British aero-engine company, is about to bid for a power station contract in Finland based on a Soviet natural gas link that could lead to a series of Finnish power contracts worth up to £150m.

The first pilot project is for a combined heat and power station for the City of Tampere, Finland's second-largest city.

The station would be powered by one or two Rolls-Royce Olympus jet engines, the type that powered the Vulcan bomber. The engines would generate electricity and their waste heat exhaust would be used to provide district heating for the 300,000 people of Tampere. Up to 15 other Finnish towns may also be powered by gas turbines for electricity and heating.

Rolls-Royce announced its intention to bid for the work on Friday when Dr Mauno Koivisto, Finland's president, met Mr Ralph Robins, the newly appointed managing director of Rolls-Royce, in London.

Rolls-Royce described to Dr Koivisto the Finnish market for its gas turbines as a "huge potential" for power generating and heating using the Soviet natural gas. Finland signed its gas agreement with the Soviet Union earlier this year.

The city of Tampere wants the tenders for the power generation and heating scheme to be submitted before the end of December. The initial orders for equipment are expected to be placed by Tampere next year.

Rolls-Royce sold 16 of its Avon jet engines to Finland in the early 1970s for power generation. This equipment accounts for 20 per cent of Finland's gas-turbine capacity of almost 1,100 MW.

SHIPPING REPORT

New dose of despair for world markets

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD shipping markets, long sunk in gloom as a result of low freight rates and surplus tonnage, were given a new dose of despair last week with the collapse of debt-laden Irish Shipping.

And a leading shipping banker, speaking in Hong Kong, said 1984 would be the worst year in memory for shipping bankruptcies.

What's more, said Mr Michael Revell of Marine Midland Bank, "1985 could be just as bad." The supply of vessels was rising faster than trade and rates had improved too slowly for many companies.

He reckoned that over the last 18 months, financial institutions had arrested or taken over at least 240 ships from defaulting owners and written off or provided for some $500m in bad loans.

Last week saw little change in dry cargo rates and Denholm Coates said recent depressing financial reports "demonstrate clearly the strain on many shipping companies' balance sheets of the continuing depression."

Rates for Panamax ships (able to cross through the Panama Canal) remained last week at $16 a ton for grain cargoes from the U.S. Gulf to Japan, having risen from $13.75 since the start of October.

But the rate to Europe was again just over $9 after the previous week's slip. Much of last month's boost in rates was attributable to activity by the Russians, who took an estimated 30-50 ships for grain imports.

Simpson Spence and Young, the London brokers, did not reckon the increased Panamax rates would last. There were no signs of a further surge in raw material cargoes and too many ships were being delivered from shipyards.

On the tanker market, business was steady. Gulf interest in VLCCs (very large crude carriers) eased, but smaller sizes were in demand. The West African and Mediterranean markets were more lively.

Cheap petrochemicals disruption downplayed

By John Davies in Frankfurt

CHEAP petrochemicals produced in the Middle East need not have a disruptive effect if they are marketed evenly in various parts of the world, according to Dr Hans Albers, chief executive of BASF, the West German chemical group.

The Middle East products would be a disaster only if their sales yere concentrated in certain markets, he said. For this reason it was important that marketing should not be distorted by higher trade barriers in other parts of the world, such as the U.S., which might have the effect of channelling petrochemical imports largely into European markets.

Dr Albers believed, however, that the European Commission in Brussels should be able to prevent this through the provisions of the General Agreement on Tariffs and Trade (Gatt).

Like other West German chemical industry executives, Dr Albers has been at pains to caution against overreaction to the competitive threat posed by petrochemical installations coming on stream in the Middle East.

The West German chemical companies are basically opposed to protectionist measures, but see the possibility of some action through the EEC and Gatt.

Dr Guenter Metz, an executive of Hoechst, pointed out recently that Gatt would even approve temporary protective tariffs if they were judged necessary to safeguard an industry while it carried out structural adjustments.

Dr Albers said that the production capacity of the Middle East petrochemical plants was the equivalent of only about 5 per cent of total world consumption. If consumption grew by only 1 to 2 per cent a year, the extra production could be absorbed in a few years.

However, he expressed concern that some European producers were considering increasing capacity to match expected economic growth. They were thinking, for instance, of adding 200,000 tonnes a year to their capacity to turn out linear low density polyethylene (LLDPE), one of the very products to be imported from the Middle East.

Bridget Bloom on the importance of Britain's helicopter choice

European collaboration at stake

Britain is at the centre of a struggle over whether it should buy an existing helicopter from Italy or participate in a new Franco-German project for a more advanced aircraft.

BRITAIN is at the centre of a struggle between major European countries in Nato over the future production and purchase of battlefield helicopters.

The struggle centres on whether Britain will buy an existing anti-tank helicopter from Italy or whether it should participate in a new Franco-German programme for a more advanced aircraft.

At stake is not only the helicopter deal itself, worth perhaps £500m, but the future of European collaboration in helicopter construction. That, in turn, inevitably affects the health of the whole European helicopter industry as it struggles to emerge from recession.

Britain is currently evaluating its requirements for two types of helicopter. It wants the two-seater missile-armed anti-tank aircraft for the mid-1990s and needs to replace the troop carrying Wessex and Puma by the end of this decade.

This latter project, known as AST 404, is also believed to be worth about £500m. Three bids: from Westland of the UK with its Westland 30, from Aerospatiale with the Super-Puma and from the U.S. company Sikorsky, are being evaluated by the Ministry of Defence with a decision originally expected in the next few weeks.

Britain is under great pressure from Italy to agree jointly to develop an advanced version of the A129 helicopter, due for production in its present MK1 form in 1986. The aircraft is produced by Agusta, S.p.A., which is partnering Westland in the EH 101 naval helicopter, known in the UK as the Sea King replacement.

Britain wants 125 anti-tank helicopters for use by its army on the Rhine: the substantial order could help make the Italian venture viable, and would be especially important to Britain if production arrangements were reached with Westland which could boost exports.

However, Britain is also being pressed by France and Germany to participate in a nascent programme to build a joint anti-tank helicopter for the 1990s. Franco-German plans, which are a centrepiece of intensified political and defence co-operation between the two countries, call for Messerschmitt-Bolkow-Blohm G.m.b.H. and Aerospatiale to produce more than 420 helicopters for Franco-German use and some 500-600 for export.

It is unofficially suggested that development costs on the Franco-German project could be £350m with production costs amounting to over £1bn. Both the French and German defence budgets are strained, and a British financial involvement could be very significant.

Agusta, backed by the Italian Government, is particularly angry at the Franco-German agreement, feeling it to run quite counter to the agreements on collaboration of the 1970s between France, Germany, Italy and Britain. In addition to feeling let down by its allies, Italy also maintains that the export market for anti-tank helicopters over the next 15 years is not large enough to cope with two very similar European aircraft.

The task for Mr Michael Heseltine, Britain's Defence Secretary, in coming to a decision on the two helicopter contracts is made more difficult by four extra factors:

● The U.S. is canvassing rival helicopters for both contracts. In the case of the troop transporter, Shorts of Belfast have teamed with Sikorsky and are offering the latter's Black Hawk. The Hughes Apache, widely acknowledged as Nato's most powerful attack helicopter, is now entering production and is a clear candidate for the anti-tank contract.

● Mr Heseltine obviously wants the best deal for Britain, particularly against the background of the relative decline over the next few years in the defence budget, yet wants to see Britain retain a helicopter manufacturer.

● Unless the Defence Ministry can work out an acceptable compromise, whatever he decides Mr Heseltine risks offending one or more of Britain' major European allies at a time when the Government is making European arms collaboration a top priority. European defence ministers are meeting on Thursday and Friday in The Hague to try to give political impetus to such collaborative weapons programmes.

● Although Britain does not want delivery of its anti-tank helicopter before 1995, a decision at least in principle is seen as urgent by Agusta and by the Franco-German partnership.

Sir Basil Blackwell, chief executive of Westland and current president of the Europcon Aerospace Association AECMA (Association Europeenes des Constructeurs de Material Aerospatiales), points out that industrialists of the four countries foresaw the dilemmas now confronting the governments when, at the time, they urged the full implementation of the 1973 memorandum on full scale co-operation.

Ironically it appears that the memorandum is now being revived by the four governments for signature in the next few weeks.

It seems highly unlikely that this will be in time to produce a sensible solution on the anti-tank helicopter. The most officials will venture now is that the new memorandum may induce some rational planning when it comes to producing joint tactical and troop transporting helicopters for the late 1990s. The project so far a gleam in the eye, would produce a 7-8 tonne vehicle suitable for adaptation for a number of roles, and is known under the Nato rubric NH 90.

T&N to help Chinese manufacture telephones

By John Davies in Frankfurt

TELEFONBAU und Normalzeit, the West German communications company, has concluded a deal to help the Chinese to manufacture new telephones.

The project is part of a major effort being made by China to modernise and expand its telecommunications system. At present the country has only 5m telephones for its 1bn people.

The Chinese will initially manufacture 250,000 telephone handsets of T&N's T4 model under licence in Shanghai and the West German company will provide technical know-how.

T&N has granted the licence to Shanghai Instrumentation and Electronics Import and Export Corporation and to the Shanghai Telecommunications Works.

The Shanghai factory also plans, in stages, to change over its current telephone production —amounting to 400,000 to 500,000 a year — to T&N's model.

T&N said last week that the deal was concluded at a major international business fair in Peking.

● ITT CORPORATION'S West German company, Standard Elektrik Lorenz (SEL), has announced a contract worth over $200m by Telecoms Malaysia to instal the microwave network that will form the backbone of Malaysia's long distance telecommunications system.

WORLD ECONOMIC INDICATORS

UNEMPLOYMENT

		Oct. '84	Sept. '84	Aug. '84	Oct. '83
U.S.	000s	8,431.0	8,460.0	8,526.0	9,896.0
	%	7.4	7.4	7.5	8.8
UK	000s	3,225.1	3,283.6	3,115.9	3,094.0
	%	13.4	13.6	12.9	12.9
		Sept. '84	Aug. '84	July '84	Sept. '83
W. Germany	000s	2,143.5	2,201.8	2,202.2	2,134.1
	%	8.0	8.2	8.2	7.9
France	000s	2,415.9	2,241.4	2,184.4	2,087.4
	%	10.6	9.8	9.6	9.1
Italy	000s	2,900.4	2,837.9	2,859.1	2,701.9
	%	12.8	12.6	12.6	12.0
Netherlands	000s	821.4	839.6	818.4	827.3
	%	14.7	15.0	14.6	14.8
Belgium	000s	630.7	636.1	606.6	631.4
	%	14.7	15.0	14.6	14.8
Japan	000s	1,572.0	1,570.0	1,570.0	1,570.0
	%	2.80	2.77	2.79	2.77

Source (except U.S., UK, Japan): Eurostat

Italian clothing exports up

By Alan Friedman in Venice

ITALIAN clothing exports are expected to total L3,900bn ($2.1bn) for 1984, a rise in nominal terms of 12.5 per cent.

According to figures released over the weekend by the Italian Apparel Association, total clothing sales by the industry (including exports) will reach L11,000bn this year, an increase of 13.4 per cent year on year.

In the case of both exports and overall sales, the change in real terms is much smaller when an average Italian inflation rate of around 10 per cent is considered.

Greek/Soviet hotel deal

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK State Construction Company Ekete is to undertake the building of three hotels costing a total of $140m (£113m) in Leningrad and the Black Sea and Caspian cities of Sukhumi and Baku, under a Greek-Soviet tourism co-operation protocol signed in Athens on Friday.

Mr Pyotr Abrasimov, the Soviet Minister for Tourism, who was on an official visit to the Greek capital, said the protocol will make tourism relations between the two countries "as good as commercial, economic and political" ones. The protocol was signed for the Greek side by Mr Costas Kyriazis, Director of the National Tourist Organisation.

The Leningrad hotel is expected to have a bed capacity of 1,300 and those at Baku and Sukhumi between 300 and 500.

The protocol also foresees an increase of 10 to 15 per cent in annual tourist traffic between Greece and the USSR. According to Greek Tourist Organisation figures, about 7,000 Soviets visit Greece each year. Officials said the reverse flow of Greeks going to the Soviet Union on organised tours is greater, but had no precise statistics.

In addition, the two sides pledged to develop specialised tourism, for example "social" tourism for medical and other services,

UK NEWS

Austin to seek court damages from six unions

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER, the volume car subsidiary of state-owned BL, will today ask the High Court for damages against unions which have failed to call off a two-week pay strike.

The company claims that more than half of its 28,000 workforce will be back at work today. Confident that the strike is crumbling, is has ruled out compromise with six unions which, it will claim in the High Court, are in contempt of court.

Austin Rover was granted injunctions, under the new Trade Union Act, that the unions must withdraw their strike call until a secret ballot is held. The dispute is over the company's pay offer of 10.2 per cent over two years.

Its decision to return to the court will provoke a confrontation with the Transport and General Workers Union, the biggest in the UK, which is pledged to non-co-operation with the Act, which came into force last month.

Mr Moss Evans, the transport workers' general secretary, has made clear that the Austin Rover strike is official and that he has no intention of signing any cheques for punitive fines that might be imposed by the High Court. The union represents about 16,000 workers at Austin Rover. Many of the five smaller unions, which between them have fewer than 2,000 members with the company, are expected to offer a defence in court.

The Amalgamated Union of Engineering Workers – the second biggest union – has avoided a High Court order by repudiating the strike as unofficial. But it could still hold the key to how quickly the dispute ends.

Management hopes that the engineering union – which earlier in the dispute said the pay offer was acceptable to the majority of its members – could, after a meeting tomorrow of its executive, instruct workers to report for duty.

Such an initiative might be prejudiced by the ill-feelings among union leaders at the company's resort to law.

MPs threaten revolt over aid budget

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

THE GOVERNMENT is expected to announce on Thursday the allocation of the Foreign Office budget for the next year. The possibility of cuts in overseas aid has caused mounting concern among MPs.

Details of the allocation of funds between overseas aid and other categories including diplomatic missions, the British Council and the BBC External Services, are expected to be given during a House of Commons debate.

Whitehall officials were yesterday insisting that there could be no question of increasing the overall Foreign Office budget in response to MPs' pressure for assurances that the aid budget would not be cut in real terms.

Backbench Tory MPs, however, remain sceptical about the possibility of preserving the aid budget within the present limits and warn that the Government must give some ground if it is to avert a rebellion.

Judicious leaking of the Government's plans is expected early in the week – both to assess backbench reaction and to fend off suggestions that any compromise is being made in response to Liberal Party pressure.

So long as some effort at compromise is made, threats of a major rebellion are not taken too seriously. Few Tory backbenchers would care to vote with the Liberals, it is suggested.

British Airways accused of lacking efficiency

BY LYNTON McLAIN

BRITISH AIRWAYS (BA) is significantly less efficient than its main UK rival, British Caledonian, according to a report by the Institute of Fiscal Studies.

It says that BA remains a weak performer compared with other airlines despite recent improvements in profits and productivity.

The report also criticises the Government's timing and strategy for the impending privatisation of the state-owned airline. It says the Government should have first attempted to make the industry more competitive by opening up more of BA's routes to other airlines.

"British Airways is not one of the most efficient airlines," the report says. Its improvement over the past three years has been "good, but hardly spectacular."

The institute is critical of "overall productivity" increases in British Airways, which had been "much less rapid than one partial aspect of productivity, labour productivity." It says: "The much publicised view of a dramatic improvement in efficiency is not borne out by the evidence."

Civil Aviation and the Privatisation of British Airways, Institute of Fiscal Studies, 1/2 Castle Lane, London SW1E 6DR.

Mars Bars checked after claim of poison

MILLIONS of chocolate Mars Bars were checked in shops throughout Britain yesterday after animal rights activists claimed that some bars had been injected with rat poison.

Police and shopkeepers discovered that some had been tampered with, but none had yet been found to be contaminated.

About 3m of the bars, made by the Mars confectionery and pet foods company based in Slough, are sold in Britain every day. The Animal Liberation Front claimed to have taken its action because Mars was allegedly involved in the use of rats in clinical tests.

Scotland Yard commented: "We are treating the threat seriously as we would treat any threat of serious crime."

□ SUPERSTORES are set to become a significant force in retailing, with shoppers buying a fifth of food sales at them by the end of the decade, according to a report published today by the Euromonitor company.

It forecasts UK superstores – stores with between 25,000 sq ft and 50,000 sq ft of selling space – to increase in the same period from 372 to about 619.

□ THE BANK of Scotland today becomes the first large clearing bank to offer to its customers a comprehensive car insurance package for private motorists. The insurance has been designed by the bank's insurance services and is underwritten by Royal Insurance and DAS Legal Insurance.

□ BRITAIN'S chemical companies are not taking up the full government assistance available to them for research and development (R & D), according to a report from Chemicals Economic Development Committee.

The study shows that only 0.4 per cent of the £700m government spending on R & D in 1983 was contributed to the chemical industry. In contrast, the French chemical industry received about 4.5 per cent of government spending on R & D, while in West Germany, the figure was 1.7 per cent.

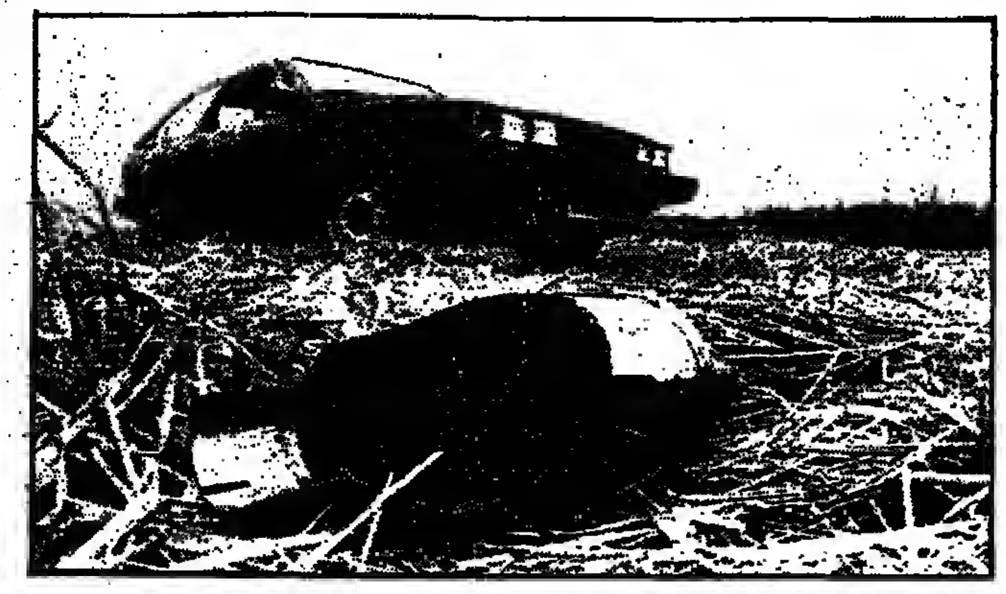
□ LEADING dairy companies plan this week to step up their campaign for an independent investigation into the commercial operations of the Milk Marketing Board, the monopoly supplier of milk in England and Wales.

The dairy companies have complained that the board failed to consult them when it changed the seasonal scale of its payments to milk producers, which has a considerable bearing on output. They also allege that the board's subsidiary, Dairy Crest, Britain's largest manufacturer of cheese, competes unfairly with them.

□ PEUGEOT TALBOT is launching in the UK a diesel taxi version of its Peugeot 505 large saloon. It is seeking a share of a market for new taxis estimated at 7,000–8,000 a year and in which there are 60,000 private hire operators.

The taxi differs from other 505 saloons in having heavy-duty electrical systems and wipe-clean vinyl seating. It will cost £8,295, exclusive of meters and taxi signs.

MANAGEMENT



A cutaway JMC catalytic converter: demonstrating that it is still usable after 50,000 miles at maximum speed in a VW Scirocco

JMC perseveres with an exhausting fight

Andrew Gowers on hopes pinned on a device for cleaner motoring

THE BATTLE lines are being drawn in Europe over an issue which may well change the face of the motor manufacturing industry: how to reduce the pollution caused by cars.

But as the big battalions—the governments and carmakers—stake out their positions, one other British company is watching developments from the sidelines with baited breath. It is Johnson Matthey Chemicals, part of the group which sprang into the headlines a few weeks ago when its banking arm hit trouble, and has hardly left the front pages since.

For Johnson Matthey is the world's largest manufacturer of autocatalysts, devices which remove noxious substances like nitrogen oxides and hydrocarbons from car exhaust fumes. Not a lot of people know that—although the group's involvement in this potentially lucrative field has not escaped the notice of BP, which has expressed interest in it.

There can be few businesses whose future depends so much on political machinations in the EEC as the manufacture of catalysts. But Johnson Matthey and its rivals have invested heavily in the hope that their product will be the Community's chosen route when it legislates to reduce vehicle emissions.

The political obstacles they face are formidable: a large number of motor manufacturers say they are dead set against the installation of catalysts in their cars on grounds largely of cost, and the governments of Britain, France and Italy appear to be lining up alongside them. So how did the company come to be involved in this strange and relatively untried market, and how does it hope to win through with its product?

The answer to the first question lies in platinum. The Johnson Matthey group is refining and marketing agent for South Africa's Rustenburg Platinum Mines. Next to JMC's head office on a small industrial estate just outside Royston, Hertfordshire, is the world's largest and most modern platinum refining plant — and the company is constantly on the look-out for new applications for the metal produced there.

One such use is as a chemical catalyst. Spread thinly over a ceramic honeycomb inside a steel casing and slotted into a car's exhaust system, the platinum group metals—platinum, palladium and rhodium—can cause toxic substances in the exhaust fumes to be transformed into harmless ones.

Johnson Matthey estimates that currently available catalytic converters—to give them their full name—can remove more than 90 per cent of nitrogen oxides, carbon monoxide and unburnt hydrocarbons. The end results are water, carbon dioxide and nitrogen.

Johnson Matthey Chemicals was experimenting with platinum in this way throughout the late 1960s in its Royston laboratories. But its labours were given commercial shape by a new force thousands of miles away—that of environmental politics.

In the 1960s, the inhabitants of Los Angeles and Tokyo were increasingly concerned at the pall of photochemical smog over their cities. Before long, legislators in California and Japan began to transform that concern into action to clean up vehicle emissions.

The setting of increasingly tough emission standards in both the U.S. and Japan was the opportunity Johnson Matthey and a number of other companies had been waiting for.

"The 1970 U.S. Clean Air Act brought our industry into being," says Peter Emmel, head of JMC's catalysts division.

With that spur, JMC got to work designing products and developing industrial processes in Royston, while in America, the group's subsidiary Johnson Matthey Inc set up its own factory based on technology transferred from the UK.

The U.S.—with emission standards that make the fitting of catalytic converters compulsory—is now Johnson Matthey's biggest market. From its plant at Wayne, Pennsylvania, it is the sole supplier of catalysts to *Chrysler* and American Motors and supplies half of Ford's needs and more than 50 per cent of General Motors' requirements (Significantly, GM is ready to build its own catalytic plant in Europe if the Community legislates in favour of these products.)

The company is also establishing a plant in Australia, to take advantage of U.S.-style emission standards which will apply there from 1986.

Japan, meanwhile, although its emission standards are at least as tough as those in the U.S., *is a somewhat more* difficult market, dominated by Japanese companies such as Catala, Mitsui and Nippon Shokubai. But Johnson Matthey has also established a foothold there by supplying catalysts out of the U.S. to Japanese exporters to America—an interesting adaptation to the pressures of international trade, as Japanese companies do not have to pay duty on U.S.-built parts.

But the final battle for Johnson Matthey and the other catalyst makers may well lie ahead, in Europe.

The focus of the manufacturers' hopes is West Germany, where widespread concern about the possible effects of air pollution on trees has forced the Government to act on car emissions; from 1989, it says, tough emission standards in effect requiring manufacturers to fit catalysts will apply. Before that, there is the possibility of tax breaks for cleaner cars and subsidies for users of unleaded petrol—without which, catalysts will not work.

The German move has sparked furious debate in the European Community. Other member states appear determined that Bonn should not act alone. But catalysts are also on *the European agenda; the EEC* Commission has proposed emission standards which would force the adoption of catalysts from 1995.

Nonetheless, the political cards seem stacked against the catalyst-makers for the moment. Car manufacturers in France, Italy and Britain are campaigning instead for the "lean burn" engine which emits less nitrogen oxide and consumes less fuel than a conventional motor.

They say—and the British Government, for one, seems to agree—that catalysts increase the costs of motoring drastically, cause cars to consume more petrol, and only work under limited circumstances.

JMC disputes many of these points. It says the cost of a catalyst is only £50 — and competition in future may well bring it even lower. It is then up to the car manufacturers to decide how much they want to mark up the sticker price of the car to reflect installation costs.

The company also maintains that catalysts work even at low engine temperatures, and that, provided they are operated in accordance with manufacturers' instructions, they will last as long as the car itself.

Nor does JMC seem particularly daunted by the apparent political odds against it.

"Before the American Clean Air Act, the U.S. motor industry *spent* a lot of money vilifying catalysts, but it failed to get the law changed. Then, General Motors broke ranks and announced it would fit all its models with converters. It was not long before the motor industry was promoting the catalyst as the answer to a maiden's prayer."

In the same way, he says, European manufacturers—while publicly pouring scorn on catalysts—are putting a lot of effort into gearing themselves up for the possibility that they may after all be introduced.

Whichever way it goes, an awful lot is at stake. For the catalyst makers, a European decision to force installation of their equipment would add at least 10m units—worth about £500m—to the current world market of 22m converters a year.

Johnson Matthey, which currently claims 30 per cent of the European market (second to the 40 per cent share of West Germany's Degussa) will not say how much money it has staked on the decision going its way.

But the 50 employees at its Royston plant are currently turning out only 300,000 units a year compared with installed capacity for up to 2m converters.

One party to the debate, meanwhile, is less than comfortable about its role. The British Government seems committed to supporting its motor manufacturers against another well-known British company.

"We're on the horns of a hypocritical dilemma here," admits one senior official. "Johnson Matthey is one of our more successful companies, whatever the troubles of its banking arm. Yet we'd like them to export everything they produce to the U.S. and Japan, and not sell it at home."

Stress

A motivational paradox

BY MICHAEL DIXON

STRESS AT work must be one of the fastest spreading modern illnesses, if we are to believe Clive Jenkins. The general secretary of the Association of Scientific, Technical and Managerial Staffs has estimated that job stress costs the UK economy 37m person-hours a year.

Still, things might be worse. For an equally strong case has been put for arguing that if Mr Jenkins or anyone else managed to stop people from being subjected to tension, no person-hours would be put in at all.

The argument has been spelt out by Professor Art Sweney of Wichita State University in the U.S. An engineer turned psychologist, he maintains that tension is much the same as motivation so that until people are tense enough they remain apathetic.

The professor equally insists, though, that working life can and often does impose too much tension. In such circumstances the victims become transfixed instead of apathetic, but stop being productive just the same.

The trouble is that while almost all managers subscribe to the first part of the Sweney hypothesis — that until subordinates have been wound up a bit they will not start—hardly any executives appreciate the point about excess tension. They assume that however well people are working, they will work even better if supplied with still more motivation.

But given the similarity between motivation and tension, an oversupply is apt to freeze us in our tracks. Should our bosses then conclude that we need an additional dollop, we become more and more prone to severe effects of stress.

How much motivation is needed to get off the ground, and how much extra to bash the head into stupefaction against the ceiling, varies from person to person. The Professor believes he has identified three main ways in which people's so-called motivational styles vary. And in each case the characteristics of the people fall somewhere between two extremes.

First there is the "constrained" worker—whose opposite is the "impulsive." Constrained workers are poor self-starters but they soon get going when given an external push. Unfortunately, given a little more boost they are liable to stall as they soon hit their limit.

Indeed, they reach it at a lower state of tension than is needed even to stir their opposites, the impulsive workers. But they also quickly cut off and since they are essentially self-driven, external pressure must be applied sparingly.

Next are the "independent" workers—whose opposites are "passive" workers. While the independents get moving at half the tension required to start impulsives, they are similarly self-driven and hypersensitive to outside motivation as well as quick to stall.

The passive workers, short on internal motivation, are very readily responsive to external drive and they will carry on accelerating as long as anyone.

Indeed, for tension-absorbing capacity they are matched only by the "flexible" workers (whose opposite are "rigid" workers), who operate equally well on internal or external power since they overcome their high initial inertia.

The dreaded rigid workers are as fast as any to respond to their own or others' promptings, but are the fastest of all to lose steerage altogether. When they do, Professor Sweney says, they are outstanding for "high resistance to change and to accepting any kind of positive suggestions."

It is sad that he fails to explain how so many rigid workers come to be chief executives . . . and heads of unions for that matter.

Management abstracts

Computer insurance for users. D. G. M. Blackburn in Foresight (UK), May 84.

Looks at insurance issues affecting computer users—professional indemnity, contractual liability, and fraud; warns that, whatever the remedies available through insurance, most of the difficulties stem from unsatisfactory initial contracts.

Multinationals as investment vehicles. I. Mathur and K. Hanagan in Journal of International Business Studies (U.S.), Winter 83.

Argues the merits of multinationals as vehicles for international diversification of investments, giving reasons as their ability to cope with fluctuating exchange rates and their superior management of products and assets.

From war room to boardroom. R. Hill in International Management Europe (UK), Apr 84.

Investigates the suitability of retired military officers for managerial roles in civil business; debates the appropriateness of attributes required of field commanders to the demands of higher management; avers that transfers can prove highly successful, citing the example of General Haig's move from the U.S. Army to the presidency of United Technologies.

Productivity benefits of automation. M. K. Groover and others in Industrial Engineering (U.S.), Apr 84.

Assesses, in broad terms, industries, such as metal-machining, that will be affected by automation and the scale of labour-shedding in manufacturing employment that will ensue; suggests using some of the additional wealth generated to retain displaced workers for the —admittedly—smaller number of new jobs in eg computing.

Direct marketing for insurance. D. R. Thomas in Foresight (UK), May 84.

Claims that marketing is still viewed suspiciously by the insurance industry, and argues that it is not enough for it to ride piggy-back on the marketing effort of other financial services (such as the building societies); describes the marketing innovations carried out by the author's company, AA Insurance Services.

See your sales force as others see it. A. Rigg in Industrial Marketing Digest (UK) Vol 9 No 2

Makes the case for including in industrial market research, unobtrusive enquiries about the amount, quality, and level of clients' sales representation; stresses the confidentiality of such questioning, and suggests ways of using the findings.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Reform of Sunday trading law to be recommended

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PRESSURE for reform of the shops legislation to prepare the way for Sunday trading will mount this week when the Home Office publishes a report recommending the abolition off restrictions on when shops can open. At present, most forms of Sunday trading in the UK are illegal.

The report is expected to be published on Wednesday by a committee of inquiry set up a year ago by the Government. The committee was aided by research work carried out by the Institute of Fiscal Studies.

Its recommendation that shops should be allowed to open on Sundays will please large retailers such as Habitat/Mothercare and Woolworth, but will dismay others such as the John Lewis department stores and Boots, the retail chemists. The Retail Consortium, which represents most of Britain's retailers, is understood to be divided over the issue.

Although the committee's report favours Sunday trading, there is still uncertainty about when the law will be changed. Previous attempts by individual MPs to change the law have failed, even with tacit government support, and the Home Office may decide that a government-sponsored Bill is needed.

Opposition to radical changes in the law is expected to be co-ordinated by the Union of Shop, Distributive and Allied Workers.

Many large store chains are believed to have contingency plans for pre-Christmas Sunday opening. This is likely to happen in areas where retailers feel that local authorities are unlikely to prosecute breaches of the law.

Textile industry criticised for design attitude

By Anthony Moreton

BRITISH textiles and clothing companies must take a more creative approach to design if they are to repulse the flow of fabrics and clothes from France, Italy and West Germany, according to a report published today.

It says the approach must come from a commitment at board level which should integrate the design function into management structures.

The report was prepared by the UK Cotton and Allied Textiles Economic Development Committee. Mr Harry Leach, who headed the working party, said companies in Italy, West Germany, the Netherlands and Belgium were visited, together with five in Britain.

Similarities between the continental European and British companies were more marked than the differences. "But the continentals were just better at managing design," Mr Leach said. "This has led to a growing dependence within British industry on design originating in France, Germany and Italy."

Mr Stuart Hollander, a director of Vantona Viyella and chairman of the committee, added that "the best design in Europe is no better than that in Britain. But the continentals are more adventurous and have more commitment to good design."

British manufacturing companies and the large retail chains have been criticised for years for lacking an appreciation of design as a selling point. The report urges that there should be "a more creative approach which will allow companies in the UK to become more authoritative in their development and promotion of commercial, well-designed products."

The study suggests that British concerns should see whether they could make greater use of independent workshops.

Designing for Success: Approaches to Managing Textile Design. From National Economic Development Office, Millbank, London SW1. £5.

TECHNOLOGY

EDITED BY ALAN CANE

MANUFACTURING DATA

Scicon sews up textile technologists

SCICON, the computer subsidiary of British Petroleum, has bought 80 per cent of a small textile technology company. Methods Workshop is a company which has developed a computer system which helps to accurately cost garments before going into mass production.

Called the General Sewing Data, the system uses data on the various hand operations needed to carry out a particular sewing job stored in a computer memory. Many such hand operations are needed to make a complete garment but each action is separately timed and costed.

It is important to all types of clothes manufacturers because a manufacturer may have to produce 60 samples of different designs of which 10 may be chosen for manufacture. However, each design must be costed for possible mass production. At the design stage, makers may commit themselves to 80 per cent of the cost because of the operations needed to make a particular garment.

Accurate costing can be difficult with conventional methods — simply standing by a machinist with a stopwatch. There may be 40 separate operations to construct a pair of trousers and 80 for a jacket. But during mass manufacture, it may only take 10 minutes to make the trousers and 60 to 90 minutes for the jacket.

The principles that lie behind the General Sewing Data system are equally applicable to general engineering information.

The acquisition will also give Scicon access to Method Workshop's technology which it hopes to use in its computer integrate manufacturing systems as it lacks its own planning product.

ELAINE WILLIAMS

METAL PROCESS REDUCES COST

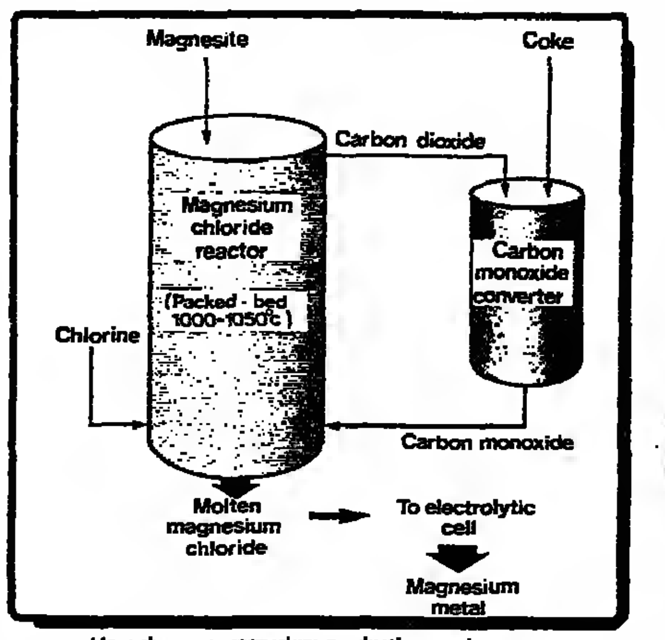
The making of magnesium

BY IAN RODGER

MR PETER JONES thinks he has found something of an elixir for magnesium, and Britain's Davy Corporation has recently joined him in the development of a low-cost production process for the metal.

Magnesium, with many similar properties to aluminium but a third less weight per unit of volume, has been tantalising automotive manufacturers for years. But the high cost of existing production processes has left world magnesium consumption flat at about 300,000 tonnes a year since the second world war, while aluminium use has soared to 14m tonnes.

Most magnesium today is produced in a multi-stage process that extracts the minute quantities of magnesium chloride in sea water. The magnesium is then separated from the chlorine by electrolysis.



How the new magnesium production works

Mr Jones, a former executive with Britain's General Electric Company, developed a process in the late 1970s that used common magnesite, which has 28 per cent magnesium content, as a raw material. The magnesite rock is poured into a single stage reactor and mixed at high temperature in a process along the lines of that of a blast furnace with chlorine and carbon monoxide gases, yielding molten, anhydrous magnesium chloride at the base of the reactor.

He claims that the process consumes 15 per cent less energy than aluminium smelting, whereas the sea water processes use over a third more energy than aluminium smelting.

Today, magnesium is used mainly as an alloying element in aluminium to reduce corrosion, and in other price insensitive applications. At $1.45 a pound, it is more than twice the price of aluminium itself. However, at a lower price, it would be an attractive substitute for aluminium in a number of automotive castings, such as transmission housings and intake manifolds.

"Ford say they would switch a lot of components to magnesium if the price came down to 1.6 times that of aluminium," Mr Jones says. "We think we should be able to sell comfortably at a 1:4 ratio." If the metal did break through into the automotive market, there is no doubt that the volume implications could be enormous. The U.S. car industry alone consumes over 400,000 tonnes of aluminium annually, although a lot of this is in rolled products for which magnesium is unsuitable.

When Mr Jones became confident about the prospects for the process in the late 1970s, he set up Minerals Processing Licensing Corporation (MPLC) and raised funds from a group of private investors to finance laboratory experiments. When these proved successful, he retained Davy McKee (Stockton), the iron and steel plant contractors, to build a £750,000 pilot plant on Teesside. The plant, which produces 1.2 tonnes a day, was built in 1982 and operated for much of last year.

Then, armed with data on the performance of the process, he went to Canada, which has cheap electricity, abundant reserves of magnesite and free trade in automotive products with the U.S., to try to interest the Alberta Government in backing a programme leading to commercial production.

The Canadians were reluctant to back the big jump from the small pilot plant stage to a 25 tonne a day production plant, and after several months, discussions with the Alberta Government were called off.

Now, MPLC is trying to raise money to build another, larger pilot plant. Meanwhile, it is negotiating with U.S., British and Japanese companies interested in participating in the commercial exploitation of the technology.

Davy has become sufficiently interested to enter a joint venture with MPLC to develop the technology further. And MPLC has given Davy exclusive rights to design and manage the construction of commercial plants.

The current schedule calls for the new pilot plant to be up and running by next autumn. If it works well, a first production plant project would get under way in Alberta early in 1986. With annual capacity of 10,000 tonnes, it would come on stream in 1987 or 1988, with another 20,000 tonne plant to follow a year or so later in Quebec.

After that, who knows? "The idea," says Mr Jones, "is to transform magnesium into a 1.3m tonne a year industry by the end of the century."

WEATHER SATELLITES

Faulty light bulbs may make forecasts wrong

IF THE weather forecasts for Britain become less reliable over the next few months, disgruntled members of the public can blame two faulty light bulbs that are hurtling through space some 36,000 km above the earth.

Each lamp is no bigger than the tail-light of a car—but costs about $1,000. The devices are part of an American weather satellite that went out of action in July.

The satellite, GOES-5, had been capturing images of cloud layers and other meteorological phenomena over the Atlantic Ocean. As a result of the fault, weather researchers in Britain and the rest of Europe have been deprived of some of the information they need for forecasts.

According to Britain's Meteorological Office, scientists are in particular hampered by the absence of statistics about wind speed which can be derived from the satellite images. The lack of data could make an impact on forecasts over the next few months. The earliest date for the launch of a replacement spacecraft is October 1985.

For the U.S. National Oceanics and Atmospheric Administration (NOAA), the owner of the satellite, the problem is especially worrying. The faults with the lamps are the latest of a series that have affected other GOES weather satellites since the late 1970s. Neither NOAA nor Hughes Aircraft, the maker of the satellites, have determined the cause.

The light bulbs play a small but vital part in the operation of the U.S. meteorological satellites, part of a series of four craft in the geostationary orbit 36,000 km about the equator that keep a continual watch on the world's weather.

The other vehicles in the world's weather watch are GMS of Japan, which is stationed above the western Pacific, and Western Europe's Meteosat, which collects images of Africa and the Indian Ocean. Data from all four geostationary craft are sent by telecommunications links to weather forecasters in an exercise co-ordinated by the World Meteorological Organisation in Geneva.

In the GOES craft, light in the visible and infra-red bands is collected by an imaging device or radiometer. The images are translated into a computer code which is sent by radio waves to receiving stations on the ground.

Radiation is channelled to the cells by a rotating mirror which captures images of separate swaths of the earth's surface. The light bulbs form part of an electromechanical system that tracks the mirror's rotation.

GOES-5, a $20m spacecraft which was launched in 1981 and should have lasted five years, carried two electromechanical tracking systems each with one light bulb. The second lamp was to provide a back-up in case the primary light failed. But both devices suffered a fault within a week.

Hughes, which developed the radiometer and coding electronics at its Santa Barbara research centre in California, is conducting checks to pinpoint the cause of the failures.

As for the next satellites in the GOES series, Hughes will build into each a total of four lamps to allow for greater redundancy. To reduce the risk of failures, engineers are examining whether to substitute new lamps based on light-emitting diodes for the conventional incandescent types that use filaments.

GOES-7, the next satellite in the series, was due to enter orbit in 1986. Hughes workers are struggling to get it ready by next autumn to plug the gap in the heavens.

Until this vehicle leaves the launch pad, the U.S.'s contribution to the world's geostationary weather watch will add up to just one satellite, GOES-6, launched last year and currently working perfectly.

Until the mishap in July, GOES-6 was in position above the eastern Pacific at 130 deg W longitude. But after the loss of GOES-5, NOAA engineers moved the other satellite around the geostationary orbit to cover the central portion of the American land mass.

PETER MARSH

Security

Printing banknotes

THE NEW £20 note now coming into circulation will be a good deal more difficult to forge than previous notes due to developments in both paper and printing.

For example, intaglio printing has been steadily improved and is even more difficult to reproduce without special equipment. Intaglio plates are the reverse of normal letterpress printing plates—the type is hollow rather than standing proud so that on printing, high roller pressures compress the paper and the ink is left as ridges, standing up on the paper. Very fine intaglio printing is now possible, making forging more difficult.

The main difference in the new note however, is that the security metal strip is now "woven" into the paper so that in reflected light it presents a broken or dotted line. But held up to the light, the strip looks continuous. For forgers, says the Bank of England, this makes viable photocopying much more difficult.

Safety

Fire alarms

CHUBB Fire Security has developed a fire detection and alarm system which can tell fire services in advance where a potential blaze will happen and what risks are involved.

The company says that the system will be available early next year. It is based on an eight bit microprocessor which monitors up to 320 sensors in 16 specified zones within a building. The computer can check if one sensor indicating a fire is at fault before sending out an alarm.

The system will operate a variety of detectors including ionisation and photoelectric smoke sensors.

INSURANCE

Brave new financial world beckons the smaller mutuals

BY TERRY DODSWORTH IN NEW YORK

MUTUAL INSURANCE companies in the U.S. enjoy an existence many of their quoted competitors must sometimes envy. They do not have to face the glare of intense Wall Street analysis that has made the quarterly reporting season such an ordeal for many groups, particularly in the property and casualty sector, over the past three years. Yet many of the mutuals appear to be working hard to put themselves in the Wall Street spotlight.

The discussions about "demutualisation," which would change the status of mutuals from ownership by their policyholders to ownership by stockholders, began to gather pace last summer. At that time, tha debate was sparked by proposed changes in the tax lawa that would have created tax penalties for mutual status—a threat which evaporated when the tax Bill came down roughly neutrally between the mutual and stock companies.

There were also, however, more deep-seated economic reasons for the interest in demutualising. In particular, many executives in the industry had been coming round to the view that the mutuals would have to change their spots if they were to keep pace with the rapidly changing structure of the financiat services industry in the U.S.

The economic reasoning runs as follows: In an age of expanding conglomerates, mutuals may lack the fire power to maintain their market position; in mature sectors of the insurance business, the new financial "supermarkets" have bigger and more flexible distribution and sales networks that can be modulated to sell insurance as well as other products.

The big banks may one day be allowed to write insurance, and the traditional insurance companies say they are beginning to suffer from the public perception that the financial conglomerstes have broader asset bases which offer greater security. Some smaller insurance companies already believe that these larger financial enterprises, such as American Express or the Sears Roebuck financial services division, are cutting into their business.

The industry seema to be moving into a period of greater volatility and new product development, caused, perhaps, by the increasing public sensitivity over interest rates. Whole life insurance, offering both life insurance and an investment return, is subjected to more critical appraisal by the public than in the past. Product modifications will demand a great deal of flexibility, strong management and heavy investment in novel sales techniques and types of policy.

The managements of at least some mutuals believe that demutualising would give them more freedom to respond to these challenges. Public companies could take the battle back to the financial conglomerates by building their own market shares through acquisition.

Similiarly, mutuala could develop new products more easily if they were able to raise cash in the markets. Although many mutuals have substantial surpluses—the equivalent of retained profits—some of the smaller ones have not. Even when they have, they are reluctant to dip too deeply into the funds which are their only cushion against bad times.

Finally, some mutuals believe they need to attract more innovative executives who will not join them at present because of their salary and benefits structures.

The three biggest mutuals in the country—Prudential Insurance, Metropolitan Life and Equitable Life — have all examined the possibility of becoming stock companies. Between them they control assets of $186bn.

The latest indications, however, are that the prospects seem more alluring to smaller groups. Some of the bigger mutuals are already diversifying and the giants of the industry could present themselves with huge and costly administrative problems in going public.

Only two or three years after going public, many of the recently demutualised savings and loans companies are trading at well under their issue price. Investors have been so badly stung that they may be wary of the next generation of demutualisation.

THE ARTS

An unfulfilled project to build a latter day London Bridge across the Thames by the Seifert Group.

Architecture

Colin Amery

The business of architecture

By the side of Richard Seifert most practising architects look like ghosts. His achievement, by any standards, is immense. His practice was founded after the war in 1946 and seizing the opportunity offered by the redevelopment boom he has reshaped more of London than Nash and changed its skyline more radically than Wren.

The tallest building in Britain is by Seifert. The infamous Centre Point is by Seifert. Town and civic centres of Portsmouth, Glasgow, Erith and Bexley are by Seifert. There are 500 major office buildings by Seifert, 40 hotels by Seifert. He has been described as the Offenbach of architecture because he designs in a light popular style. He has been called other names, many of them unreasonable and some of them unrepeatable. He is overwhelmingly successful and yet he is a man who has suffered.

He has suffered from critical neglect and has been largely ignored by the gurus of the profession because he is too commercial, too accommodating and not a prima donna. His work over the last quarter of a century has been no worse than much of the huge output of the public offices who ran up the tower blocks for people to live in or scattered the new towns incoherently over the countryside. The problem with making critical judgments about such a prolific practitioner is that quantity does not usually mean quality.

The Royal Institute of British Architects have somewhat belatedly recognised the scale of Seifert's success by giving him the prestigious Heinz Gallery for an exhibition of his work until December 21. It is an opportunity to look for the first time at the range and calibre of a practice that employs some 300 technical staff and has a stream of satisfied clients that return again and again.

The exhibition concentrates on the more recent projects completed by the firm or looks ahead to some that are funded but not yet built. Clearly one of the reasons for the vast quantity of the work must have something to do with salesmanship, with the ability to offer just the right package, to complete on time and within the budget and sometimes to offer an understanding of the planning laws that allows a certain development flexibility.

The marketing of architecture is a field that is still, in this country, in its infancy. Recent changes in the RIBA rules have made architectural offices much more like any other big business company. The style of a large practice, like Seiferts, is clearly carefully tuned to providing what the market wants. I know that there are many other architects who believe in a different approach. How often has one heard the architect say that he believes in giving the client something that he didn't know he wanted, that extra dimension that certain something that says art or style. Seifert is a man of his times offering efficient service plus a certain marketable quality.

Seifert architecture is in fact much more variable than it may appear on occasional acquaintance. In the middle period, between the mid-1950s and the early 1970s, the Centre Point period, there is a distinctive use of concrete forms that marked the Seifert style. Like it or lump it, there was a powerful scale to it and it will represent its period.

Today the design outlook is not so clear. The proposals for the Surrey Docks, for acres of reclaimed land on the Paddington Station goods yard site, for a bridge across the Thames that carries public buildings are all wildly unlike each other and often inconsistent in themselves. The mixture of stylistic clichés on the Paddington site is disturbing and not nearly imaginative enough for such a large London opportunity. The Seifert formula is to try and please everybody with the inevitable consequences.

I suppose the uncertainty that a large firm like Seiferts may feel when faced with the future is one all of us involved in the commerce of architectural ideas must share.

The paperless office, the end of the divisions between home and working lives, the need for more leisure facilities and better public services are all areas that affect the design of our environment. John Seifert is the younger member of the family who is now taking the firm into the future. He sees the architect's role as closer to the manager's. Development is something to manage, to plan, and somewhere there has to be space made for acts of original creation. He is aware of the deficiencies of the corporate world but at the same time he is busy creating it. Architecture is to do with less tangible things than economic viability, and in a large practice like Seiferts it is easy to lose contact with the individual moments of creativity.

When I look at their prodigious output—and the exhibition is a good place to do this—I try to shut my eyes and remember any image of clarity that says that Seiferts has designed a memorable building. I am afraid I feel as though I have been watching too much television—the moments of originality are rare. You have to admire the range and the proficiency but where is the magic?

Where is the magic of Ronan Point or Harlow or Heathrow? It is wrong to saddle Seifert with the blame for all the malaise of modern architecture. But it will always be the case that much comprehensive redevelopment of British cities since the war has been visually disastrous, unmemorable and crude.

We are all responsible. Planning is supposed to be a democratic process and it has been too easy to let the professionals take over. Only an informed public can influence the quality of everyday architecture and I suggest that the Seifert exhibition is an eye-opener in more ways than one. It is more than likely that you work in a Seifert building, shop in one, stay in one and it is quite likely that you may die in one of his hospitals. The question has to be asked, what kind of architecture do we deserve?

Hans Zender/Festival Hall

Dominic Gill

The greater part of the BBC Symphony Orchestra's concert on Friday night under the direction of Hans Zender was devoted to an unusually persuasive performance of Messiaen's Turangalila symphony. Zender's approach to that great Monument to the Added Sixth was fresh, vigorous and colourful — neither pedantic nor overly pious, and always expertly paced. I liked his way especially with the themes of love, and all their many transformations: generous but not saccharine, warm-hearted but never cloying.

Zender's shaping of the "Garden of the sleep of love" was nowhere near as languorous, or as yearningly indulgent, as I have often heard it, and was underpinned by a good brisk tempo: early spring instead of high summer is a decidedly more approachable Messiaen climate. Even the most outrageous and most cosmically pretentious movement, "Joy of the blood of the stars," was done with an easy, intimate cheerfulness that was instantly appealing. The orchestra's command of the long and taxing score was exceptionally good: clear brass, bright strings, quick and agile reeds. Under the right conductor they are still a splendid band.

I found the whole of York *Höller's Schwarze Holbinseln*—a 22-minute essay for orchestra and electronic tape whose British premiere opened the programme—both elaborately unmusical and obstinately unyielding. Höller uses Georg Heym's poem "Die Nacht" as the basis of the piece—a commentary rather than a setting, but a commentary which is wholly unliterary in its effect, lacking any of the dense, compressed energy of the words, a dilution rather than a liberation. There were one or two arresting sound-images on tape, interestingly taken up and reflected by the instruments, among a deal of familiar electronic-studio cliché, and a welter of tiresome reverb and glissando gesture.

The final section, a reading pure and simple of the poem to orchestral accompaniment, was a curious bathos: having read and savoured the words in our programme at least a dozen times already, did we really need to hear them read once more aloud?

Rocking in Rio

One of the biggest rock events ever will take place in Rio de Janeiro from January 11-20, 1985. Among the 14 acts confirmed to appear are Queen, Rod Stewart, AC/DC, George Benson, Iron Maiden, James Taylor, and Yes. The production is costing $11m to stage and an audience of over 1m is expected in the specially constructed stadium. The main sponsor is Brahma, a Brazilian beer company.

Young Apollo/Covent Garden

Clement Crisp

The creation of order out of chaos, as Francis Bacon observed in the television portrait of his work in BBC's Arena programme last week, is a function of art. It is essentially so in the classic dance, where three centuries of Apollonian labour by dancers and choreographers have refined the classic academic style from the generality of human movement.

The underlying theme of David Bintley's new *Young Apollo*, given its first performance by the Royal Ballet on Saturday night, is the discovery of the god's own identity through his emergence from a chaos of feeling, as Bintley discerns it in the third book of Keats' *Hyperion* which also served as inspiration for his score, Benjamin Britten's *Young Apollo*. Written in 1939, only eight minutes long, it is music too short for balletic use and Gordon Crosse has composed two further sections as a contemplation on, and development of, Britten's writing to make a concertante piano work which extends to half an hour's duration.

The resulting triptych relate to Keats' account of Mnemosyne, goddess of memory and mother of the Muses, watching over the birth of Apollo on Delos, seeing the "wild commotions" that symbolise the youth's uncertainties and nascent powers, and at last showing him how he must "die into life" and thus assume his true nature as sun god and leader of the Muses (as Stravinsky and Balanchine have shown him to us).

These ideas may be understood as substructure to a plotless ballet for Mark Silver as Apollo, Bryony Brind as Mnemosyne, and a group of 12 women. Clad in white tunics—some decorated with black calligraphic strokes—they are seen against three backdrops by Victor Pasmore, pale blue in shade and etched with Pasmore's fine-lined shapes, each having at its outer edge a glowing orange disc suggestive of the sun's presence. The stage is otherwise white-framed, bright with light. In this setting there come a succession of dances, with solos for Apollo, broken by questioning and invocatory poses, giving way to ensembles for the chorus of women, and duets with Mnemosyne in each scene.

In the middle section Apollo dances with a trio of women (Deirdre Eyden, Pippa Wylde and Gail Taphouse) and then with two further women (Karen Paisey and Ravenna Tucker) which tell of his quest for identity, not least as tutor to the Muses. The emotional climax is reached with Apollo's appearance in the third scene, more assured than before, as Mnemosyne confirms his nature to him and he dies to his earlier indecisions to become the young god of legend.

The choreography is in neo-classic style, less audacious and sportive than in the dazzling *Choros* Bintley make on Greek dance themes two years ago, and less tautly brilliant than his splendid *Consort Lessons*, too briefly seen at Covent Garden last season.

A first impression — and I stress the immediacy of my response to a work I am eager to see again — is of choreography fluent but diffuse. The entries for the chorus of women look loquaciously busy, and an inescapable comparison with *Apollo* (inevitable in the second scene when the god danches with three girls and there are hints of quote, if not actual quotation, from Balanchine's work) suggests how much tighter is structure when numbers are reduced.

About Mark Silver's Apollo I had a feeling of a dancer elegant in means, clean in classic style, but technically hard-driven and lacking in a muscular passion which would give dynamic body and braver focus to the wildness and gradually shaped divinity of the youth as he feels the "bright elixir peerless" of Mnemosyne's teaching and the "wondrous lesson" of her knowledge of past and future pour into him. From Miss Brind as Mnemosyne a performance clear and beautiful. Pas de deux insist upon her fascinating line; everywhere the serenity and cool dignity of her dancing has fine potency.

Young Apollo is an adventurous piece. Musically, visually it is distinguished. Choreographically there is a need I suspect, for the cast to grow into it. It will certainly repay more viewing as well as more performance.

Trumpets and Raspberries

Martin Hoyle

The injured and burning figure dragged from the car smash by the Fiat worker turns out to be Gianni Agnelli. It is, as Griff Rhys Jones puts it in his briefing to the audience, as if Arthur Scargill had rescued Ian MacGregor.

Frightened by gunfire—he has unwittingly foiled Agnelli's kidnapping—the welder Antonio goes into hiding. The unconscious Agnelli is patched up and subjected to plastic surgery as Antonio whose jacket he was wearing when found. Dario Fo's comedy, now at the Phoenix after a successful run at Watford, spins a web of complications around the fugitive left-wing worker and his furiously unwilling clone. Both parts are played by Mr Rhys Jones with the frantic Italianate zest for schizophrenia that goes back to Goldoni's *Venetian Twins*, not to say Plautus.

The Italians gave us Punch, that frighteningly ambivalent lord of misrule, part healthy anarchist, part unnatural sadist, who still leaves children uncertain whether to laugh or cry. Continuing the tradition, Fo batters the forces of law and order (here brutal idiots, true colleagues of Truscott in *Loot*) and cheerfully deals out pain to all-comers. Antonio's grieving wife absently pulls a traction-lever, and the bandage-swathed figure is jerked from the bed as lights flash, whistles shrill and the hospital staff is galvanised into acrobatic prancing. The injured Agnelli (still a thriving industrialist; could we really write a zany farce about Robert Maxwell, say?) takes nourishment through a funnel in his neck or up his nose. The late Aldo Moro "ended up as jam sponge" in a car boot.

Despite *commedia*-like cartwheels in scene-changes, the necessary frantic quality is missing from Roger Smith's production. But there are set-pieces of inspired nonsense; any scene with the increasingly hysterical Gwen Taylor, her compact self-possession cracking before an apparently split husband, is a joy. Mr Rhys Jones is a physical comic whose finely-judged clowning—he introduces gradations to the art of eye-crossing—only rarely threaten to go over the top.

Visual pleasures include a free-hanging window-frame whizzing on and off (perhaps too much) and secret servicemen disguised as furniture who converge on the hapless actors. Ultimately, only Christopher Ettridge's cameo of a doctor, trimly in command, occasionally erupting into screamed threats, catches the edgy ambivalence of a culture capable of Facism, *fettuccine* and Fo.

Thomas Allen and Elizabeth Gale in the Covent Garden revival of "Don Giovanni"

Rusalka and Don Giovanni

Andrew Clements

The return to the Coliseum of David Pountney's outstanding staging of *Rusalka* some 18 months after its initial run is to be welcomed most warmly. It is, quite simply, stunning: as perfect an example of an opera producer's ability to work interpretative wonders on apparently recalcitrant material as anything to be found in the current repertories of either of the London-based companies. This revival, supervised by Lesley Lee, has yet to find its feet with absolute security: at Thursday's opening some scene changes (especially in the first act), creaked and clunked rather distractingly, and fine detail needed tidying. But everything else is right, and the intrinsic beauty of the production is unsullied.

Those who saw it last time round need read no farther, but should rush to book for a later performance. For the uninitiated the essentials of Pountney's post-Freudian interpretation of the story may be restated — Dvorák's tale of the wood-nymph who craved to become a mortal because she had fallen in love with a prince is transmuted into the sexual fantasy of a girl on the fringe of adolescence, with a passion for her father (the Prince) and confrontation with her mother (the Foreign Princess of the opera).

Psychological glosses on 19th-century operas are hardly an original idea, of course. But Pountney's achievement comes to me exceptional, simply because he has executed his plan so effectively.

Many of the principals repeat their roles: Eilene Hannan's graceful, utterly sympathetic Rusalka, John Treleaven's hefty Prince, Richard Van Allan's sombre Water Spirit. There is a new Jezibaba, Ann Howard. In this reworking hers is the difficult character to bring off; the line between pantomime witch and domestic dragon is a thin one, but she treads it most astutely.

Two of the Wood-nymphs are new to ENO: Elizabeth Gronow and Eileen Hulse combine with Linda McLeod to make a boisterous, tomboyish trio. Elrian James makes much of Kitchen Boy, and sings her last-act aria with a good deal of narrative skill. Musical matters remain in the hands of Mark Elder.

There is rather less excitement in the latest incarnation of the Royal Opera's *Don Giovanni*, first directed in 1981 by Peter Wood with designs by William Dudley. The cast is largely new to the opera at Covent Garden, and potentially most interesting, as is the choice of conductor, the Swedish 18th-century specialist Arnold Ostman. Yet very little of the promise is fulfilled; and the impression is one of drab routine, occasionally relieved by sparks of inspiration.

Thomas Allen's Giovanni, elsewhere so gripping, is here respectful and restrained, with only sporadic flashes of the familiar *diablerie*; his singing is tidy and cautiously phrased. His partnership with John Tomlinson, the new Leporello, is a curiously subdued one; there is a case to be made for a dark, menacing Leporello, but it does not belong in this essentially traditional production.

Barbara Daniels settled down to give a thoughtful account of Elvira's final aria; earlier she had been uneven and inclined to project herself too vehemently. Sean Rea makes a pleasantly sonorous Commendatore, though without any real menace in the final scene. Makvala Kasrashvili repeats her steady, rather charmless Anna; Stuart Burrows sings Ottavio's arias suavely but with circumspection. The only genuine life to be seen on the stage emanates from Elizabeth Gale, whose Zerlina is unfailingly engaging, delightfully timed.

How much of this neutered account can be traced back to the pit, how much is a consequence of insufficient rehearsal is hard to determine. Ostman's conducting is a curious mixture of revelation (usually when he thins down the orchestra textures) and miscalculation.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

Nov 16–22

NEW YORK

New York Philharmonic (Avery Fisher): Andrew Davis conducting and organist, Alicia de Larrocha, piano. Ravel, Franck, Falla, Saint-Saens (Tue); Zubin Mehta conducting, Daniel Barenboim, piano. Mozart, Strauss, Schuller: Concerto Quaternio (world premiere) (Thur). Lincoln Center (799 9595).

WASHINGTON

Philadelphia Orchestra (Concert Hall): Rafael Fruhbeck de Burgos conducting, Earl Wild, piano. Schumann, Rachmaninoff, Tchaikovsky (Mon). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Leonard Slatkin conducting, Christian Altenburger, violin. Previn, Goldmark, Dvořák (Wed). (435 8122).

LONDON

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Salvatore Accardo, violin. Prokofiev, Tchaikovsky and Elgar. Royal Festival Hall (Mon). (928 3191).

Peter Donohoe, piano. Debussy, Beethoven and Chopin. Queen Elizabeth Hall (Mon). (928 3191).

PARIS

Teresa Zylis-Gara recital, Christian Ivaldi, piano (Mon). Théâtre de l'Athénée (742.67.27).

Alban Berg Quartet from Vienna (Mon, Tue, Wed). Théâtre de la Ville (274.22.77).

Ensemble Orchestral de Paris conducted by Dieter Gutknecht, Nella Anfuso, soprano: Vivaldi, Corelli, Monteverdi (Tue). Salle Gaveau (563.20.30).

NETHERLANDS

Rotterdam, De Doelen. Royal Conservatory Orchestra, with vocalists, conducted by Edo de Waart and Rutger van Leyden. Beethoven, Mozart, Verdi (Mon); Rotterdam Philharmonic under Edo de Waart, with Radu Lupu, piano. Schumann and Strauss (Thur) (142911).

ZURICH

Tonhalle: Isaac Stern, violin, and Jean-Bernard Pommier, piano. Beethoven, Bach, Mozart and Faure (Mon); Tonhalle Orchestra. Vivaldi, Mendelssohn and Prokofiev (Wed).

VIENNA

Hermann Prey and Thomas Moser with Helmut Deutsch and Leonard Hokanson, piano, and the New Vienna Vocal Ensemble led by Peter Altmann. Schubert songs. Musikverein, Brahms Saal (Mon).

ITALY

Rome: Oratorio del Gonfalone, vicolo della Scimia 1/B (via Giulia). The Gonfalone Chamber Orchestra with cellist Jorge Schultis. Bach, Boccherini and Vivaldi (Thur 9pm). (656.952).

TOKYO

The Smetana String Quartet: Richter, Beethoven, Smetana. Tokyo Bunka Kaikan (Mon). (235 1861).

Tokyo Philharmonic Orchestra, conducted by Juri Segal; Yeruk Dems, piano. Webern, Mozart, Bartok. Tokyo Bunka Kaikan (Mon). (234 5911).

Rundfunk Symphony Orchestra of Berlin conducted by Heinz Rugner: Wagner, Bruckner. Tokyo Bunka Kaikan (Tue); Beethoven. Hitomi Memorial Hall (Wed). (461 2590).

Andreas Schiff (piano): Bach, Bartok, Haydn, Beethoven. Shinjuku Bunka Centre. (Wed). (235 1861).

WEST GERMANY

Frankfurt, Alte Oper: Mozartsaal. A lieder recital with Ilena Cotrubas, accompanied by Roger Vignoles. Wolf, Berg, Liszt and Debussy (Mon).

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday November 19 1984

Africa faces reality

THE ORGANISATION of African Unity (OAU) seems at last to have decided to put first things first. Its 20th summit has ended with the apparent recognition that the continent's economic crisis should be its overriding concern.

Lip service to such a commitment has been paid before. But this time the impact of a crippling drought in which hundreds of thousands will die, coming on top of a decade of economic decline, may force Africa's heads of state to make a more practical assessment of the organisation's role.

When the first summit was held in Addis Ababa in 1963 the continent was gripped by the euphoria of independence, either recently won or for the most part clearly within reach. In spite of deep-seated regional, political, linguistic and religious differences, this created a common bond. And although the organisation's charter even then spoke of the need to improve living standards on the continent, member states were preoccupied by the call to "eradicate colonialism."

The winds of change did indeed sweep the continent. Portugal's former territories—Guinea, Mozambique and Angola — and Britain's last African colony, Rhodesia, won their independence.

The irony was that the OAU made little if any material difference to the course of events in those countries.

Deaf ears

In 1976 an appeal for a government of national unity in Angola fell on deaf ears. Attempts to arbitrate in the Horn of Africa, Chad and Western Sahara have proved as ineffectual as the regular denunciations of South Africa.

In the meantime, the steady economic decline of the continent has continued, created in part by external factors but exacerbated by the fact that in nearly every state the rate of food production has lagged behind population increase.

Not until May 1980, at a special economic summit, did the OAU take a long, hard look at the crisis. The resulting document, the Lagos Plan of Action, was widely welcomed. Its analysis and recommendations reflected the concerns of major donors, including the World Bank.

But implementation has been painfully slow. There is, of course, a limit on the influence any large organisation can bring to bear on member governments. But at a time when greater attention should have been given to the economic crisis, the OAU's time and energies were taken up by the disputes over Chad and Western Sahara, which at one stage threatened to destroy the organisation.

At this year's meeting, however, the OAU in effect turned a blind eye to the continuing problems in Chad, and allowed Morocco to depart in protest over the admission to the OAU of the Polisario Front, which is fighting for the independence of Western Sahara.

An annual opportunity for the continent's leaders to meet is valuable, but the summit should provide this not in the form of a platform for rhetoric, but as a more informal forum in which heads of state can discuss contemporary issues in private.

Under current circumstances such a forum should be dominated by discussion of the continent's economic crisis and of its causes, which are common to many of the members. The OAU, embracing 50 countries stretching across a vast continent, may be too large and unwieldy a body to implement the suggestions that emerge. This has to be left largely to the individual members themselves, though greater emphasis could be given to inter-state co-operation in the fields of technology, industry, agriculture and manpower training.

President Julius Nyerere of Tanzania, the new chairman of the OAU, may have struck the right note at this year's gathering. He chided the developed countries, with their considerable food surpluses, for not adequately responding to Africa's famine until people saw "corpses on television." But he also acknowledged that African countries shared the blame: "We can do something if we want to." A pragmatic consensus developed within the OAU would be a small but helpful start.

The impact of Saudi chemicals

SAUDI ARABIAN officials will shortly be in London and Paris for urgent talks on proposed moves to restrict imports from Saudi Arabia's emerging petrochemical industry. This unusual move prompts the question of whether restrictions are necessary. Is Europe's chemical industry headed the same way as steel?

The short answer to both queries is no. But the arguments on both sides illuminate the continuing troubles of Europe's petrochemical makers—troubles that do not look like being easily solved.

In the past year, the petrochemical industry has been enjoying a healthy recovery from 2½ years of recession. The luxury of rising prices has put the need for further capacity rationalisation on the back burner, with the result that Europe's overcapacity in petrochemicals is still a worrying 12 to 15 per cent.

Now, the fruits of Saudi Arabia's $10bn development to turn previously-flared natural gas into petrochemicals are beginning to arrive in Europe. The Saudi output is likely to account for no more than 5 per cent of world demand by the end of next year, but Europeans are becoming increasingly worried that too much of it will arrive in their backyard.

These fears are aggravated by the fact that Saudi Arabia enjoys Generalised System of Preference (GSP) status with the EEC, a coding given to newly industrialised countries which allows their goods into the EEC tariff-free if they remain within certain limits.

Painful

The debate over Saudi Arabia's status as a trading nation with the EEC, however, should not obscure the key element of the situation—that Saudi Arabia has built an industry to convert a natural resource into petrochemicals and now should have the right to sell that product abroad without penalising restrictions. The country imported more than $20bn of goods last year; its petrochemicals will account for exports of no more than $3bn.

Chemical industry executives argue that the Saudi plants were heavily subsidised by government grants and that their output will not be sold at a price which reflects the Saudi investment in plant and equipment.

Provided that Saudi chemicals are sold at market prices and not pumped into one particular market to the exclusion of another, arguments about Saudi government subsidies are not particularly useful. Like many other countries, Saudi Arabia has raw materials which it wishes to convert into products of higher added value for sale in world markets.

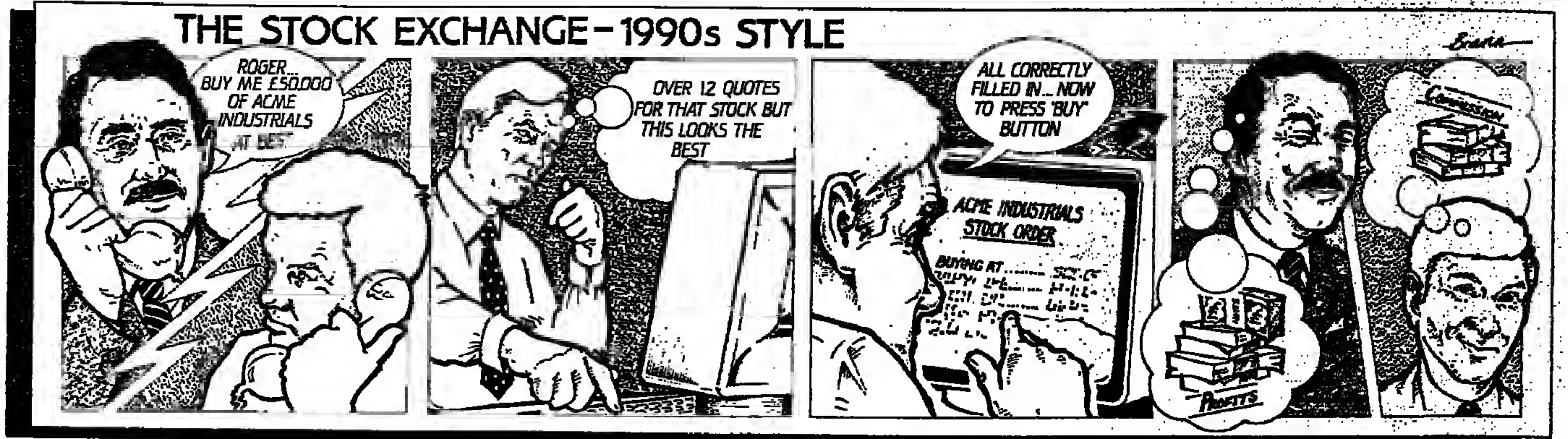
Adjustment to the new competition from the Middle East is likely to bring a year or so of painful realignment to the European petrochemical scene, leading to further rationalisation of the industry and more job cuts.

Naturally, no country wants those cuts to fall within its borders. Britain, as shown in a recent National Economic Development Office report, believes it has done more than its share of rationalisation. That report notes that the UK petrochemicals industry could be well placed to pursue opportunities for growth, "but this cannot be solely left to the operation of market forces and disciplines." The report calls for voluntary trade restraints from Saudi Arabia and formal tariff protection as a last resort.

The Nedo report seems to reflect a somewhat defeatist attitude on the problem of rationalisation. Moreover, it is doubtful, to put it mildly, whether favourable government treatment would be in the industry's best interests. One of the consequences of government subsidies on feedstocks is seen in Fife, Scotland, where a petrochemical plant is about to come on stream with an output of 500,000 tonnes of ethylene a year. Essochem, Exxon's European chemical subsidiary, threatened to abandon the project in 1981 if it did not get a concession on feedstock taxes. The fact it got them now appears to be a mixed blessing, as the benefits of owning a modern, efficient plant must be weighed against the overall capacity surplus within the industry.

The future of the European chemical industry does not lie in preserving existing capacity in commodity chemicals. It lies in uncovering new products, new uses and new markets in the "downstream" end of the business. For the next decade at least Saudi Arabia will not even try to compete in this arena.

The next two years may be difficult ones for the European petrochemical industry, but, with the determination to rationalise and specialise, its long-term future remains bright enough to cope with the ambitions of Saudi Arabia.



Technology for the Stock Exchange

A screen test for the City's dealers

By Alan Cane

AT THE very heart of the debate about the future of the Stock Exchange, now exercising London's financial community, is the question of the technology which will underpin the new dealing system for equities.

The Stock Exchange Council has made it clear that the concept of competing market makers, on which the new system is based, assumes that the right technology will be available at the right price. Sir Nicholas Goodison, its chairman, reaffirmed only a month ago that the Stock Exchange could remain competitive only if its settlement and information services met the highest possible professional standards.

With 12 months to go before the end of fixed commissions, the shape of the new system is clear, but the technological options still seem wide open.

There is no real argument about the *kind* of system that would best suit the new Stock Exchange, with its blurring of the distinction between stockbrokers and stockjobbers and its registered market makers.

The traditional trading floor would be replaced by its electronic equivalent, a network of video terminals in member firms' offices on which they would receive bid and offer prices for the securities of their choice, financial news and research data.

For the first time, they would be able to initiate deals from their offices, rather than on the floor of the Exchange, by tapping their orders into the system using a small keyboard attached to the terminal. And, once the deal is initiated, the rest of the process including settlement and surveillance reporting would be entirely automated.

All deals would be recorded and date-stamped to ensure a complete audit trail in case the Exchange found it necessary to investigate a particular firm or deal.

As Sir Nicholas said: "Our firms will have to adapt to screen-based, off-floor dealing, although they will continue to be able to deal on the floor and I suspect that many will wish to do so."

At present, some 125 stockbroking firms in the UK deal with 15 stockjobbers. The brokers know which jobbers make a market in which stocks and are able quickly to secure the best price.

When, after 1985, all firms are able to function both as brokers and dealers, it is likely that many more quotations will be on offer for some equities. In a fast-moving, competitive market, by the time a broker had done the rounds to secure the best price, quotations could have changed all the way down the line.

The only effective answer is a computer-based system where every market maker is required to maintain a two-way price in its registered equities and where those prices are displayed continuously to all member firms. This is already happening in the U.S., where it is possible to sit at home with a personal computer, ask "what if" questions about the effect of selling Beecham rather than ICI, and then despatch the order electronically.

The Stock Exchange, in fact, is taking as its model the U.S. National Association of Securities Dealers' Automated Quotation System, the over-the-counter market or Nasdaq.

In the past 10 years, listings have increased by 60 per cent on Nasdaq compared with declines of 1 per cent on the New York Stock Exchange and 34 per cent on Amex.

Some 6,000 dealers are linked electronically in one nationwide system which provides exact and instantaneous wholesale price quotations from all dealers who make markets in important over-the-counter stocks; the telephone has been virtually eliminated.

It follows that if the London Exchange lags further behind Nasdaq, New York and others in the adoption of these fast, efficient systems its competitiveness will be sharply limited.

What, then, are the obstacles to establishing a "perfect" system of the kind already described? ("It sounded like Valhalla," said Mr Roger Faulkes, head of marketing for the Stock Exchange.)

There are five:

● The technology involved is complex and expensive. Think of the Stock Exchange as a football ground with thousands of spectators. The system must have the capacity to broadcast the same information to the entire crowd simultaneously while at the same time making it possible for each spectator to hold a two-way conversation with every other spectator and with the manager's office.

● There is already in place a sophisticated information and settlement system, some parts of it very new indeed, which has been paid for by the members and which cannot be abandoned or dismantled overnight.

● Many Stock Exchange members are chary of the costs of a new system—even the £10,000 or so for a personal computer and its associated software to act as the video terminal represents a substantial investment for some firms. Others, such as Scrimgeour and de Zoete and Bevan, are already building their own information systems.

● It is unlikely that the Exchange's technical services department will be able to find or employ sufficient computer specialists — especially skilled computer programmers — to create such an advanced system before the 1986 deadline.

> ❛There is a wide river to be crossed and time only to build a Bailey Bridge❜

● "Valhalla" would represent an enormous leap for the member firms—too great a leap for many of them to take comfortably.

The technological difficulties should not be over-rated, however; according to Mr George Hayter, director of technical services for the Exchange, the system will need to handle at least 30,000 deals a day, 50 per cent of those in the first hour of trading.

That puts it in the category of a big airline reservation system — costly and complex but proven technology. And the computer services company Logica, which is a consultant to the Exchange on its new system has just completed a system for the Hong Kong Exchange which combines conventional computer communications, so that dealers can "talk" to each other, with the electronic equivalent of a carousel of slides broadcasting price information to the dealers.

Costs, manpower and the existing systems remain the limiting factors.

Mr Hayter says bluntly: "There is a wide river to be crossed and time only to build a Bailey Bridge initially; we will set about doing it properly the second time around."

So the Stock Exchange will run for the first years of its new life largely on its existing systems, fine tuned for better performance by Mr Hayter's team.

The Talisman computer, for example, installed in the mid-1970s to handle settlements processing, will need to be modified to take account of the emergence of the broker-dealer. There is nothing mystical about any of this; Talisman was programmed initially to recognise that brokers and jobbers had separate roles. Reprogramming it to understand that distinction no longer exists simply takes time, effort and massive attention to detail.

Bringing the Exchange's market information services up to scratch is more complex. At the heart of the existing services is a pair of computers called Epic, designed for the storage and dissemination of market information.

Epic is fed by a team of 25 price reporters, each a specialist in a particular market sector and, as Mr Hayter put it "on dart-throwing terms with the jobbers." These reporters sense the feeling of the market; over 3,000 securities are covered, about half of which are collected as part of a continuous cycle.

Epic provides information for a whole host of what the Stock Exchange calls "computer readable services," in other words, direct transfer of information to other people's computers. The list of services includes the "Hotline," a continuous service giving mid-price change coverage of about 1,500 securities and "Valuline," bid and offer price change coverage of about 3,000 securities.

The Exchange's computer readable services are chiefly provided for outside organisations like Reuters, Datastream and ICV Citiservice, information vendors who need to maintain their own prices database for resale to their own customers.

Members are fed information through a series of computers called Topic. The computers, made by the U.S. company Modcomp, are noted for their role in high speed acquisition of information from the Space Shuttle.

At the Exchange, rather than collecting and storing large volumes of data at high speed, they rapidly dispense large volumes of price information from their memories to Exchange members.

The technology used is viewdata; the information is transmitted at comparatively slow speeds along telephone lines and displayed on somewhat modified colour television sets. It is simple and better than the old Member's Price Display Service (MPDS) a 22-channel black and white cable television network introduced in 1969. Several hundred MPDS screens are still in operation although the service was discontinued outside London in 1982.

But the system is not interactive—that is, it displays information, but dealers cannot enter share prices directly and they cannot initiate transactions.

Electronic dealing will have to wait for the second phase of development, but a system which allows market makers to enter bid and offer prices has to be in operation by 1986. It is likely it will involve simply a direct connection between the Epic computers and a keyboard in the dealer's office.

This will make it possible to display computerised quotations to Exchange members; but the public will have to make do with a "ticker"; showing the "touch" or indicative "quote," the best bid and best offer price.

Mr Hayter says that despite encroaching deadlines, the Stock Exchange Council is still struggling with high level issues of systems design: "There is still no proposition on the table; we are exploring technological avenues."

But he expects broker/dealers to continue to work on the telephone. The Exchange system will have to be upgraded to fully electronic specifications giving fast, sure connection and caller identification: "British Telecom's System X would do, but it is not the only system in the running," according to Mr Hayter.

Some indication of the likely form of the electronic Stock Exchange of the future can be gathered from two recent and interconnected developments.

● The Stock Exchange Integrated Data Network (IDN), agreed in principle in 1982, and

● The Stock Exchange/Bank of England Gilts Settlement System.

IDN is about to go live as a "packet-switched" network, a method of snipping data into small pieces or packets which can be transmitted from sender to receiver at low cost and with great efficiency.

The gilts settlement service will use IBM personal computers as dealer workstations and will operate on two computers made by Tandem, a U.S. manufacturer with a reputation for building machines which never stop working.

The Exchange expects that dealers will be able to receive a multiplicity of services on IDN including, for example, Topic, Datastream, Reuter and Epic computer readable services.

But the fact remains that exactly how the Exchange intends to move remains unclear; the relationship between the member firms and its technical services department is not entirely cordial with many members suspicious over what is being, as they see it, cooked up for them. Some complex issues of market policy remain to be settled.

Mr Hayter agonises, for example, over how much information should be published by the system. Too little and the investor suffers, too much and the market does likewise. "If you publish every trade, the market makers by a process of elimination can tell who did it and therefore which way his book probably is and they can take each other to the cleaners with great ease and facility—and they will."

Information on European employment prospects for the feature in Friday's FT was provided by Incomes Data Services.

Men and Matters

Viking raid on Italy

"They saw us as the wild Vikings from the north, who had come to devour them," says Hans Werthen, chairman of Electrolux, describing Italian reactions to the Swedes' finally successful bid to take over Zanussi and become the world's largest maker of household appliances.

In some ways the Italians' reaction was sound. The acquisition of Zanussi is only the latest—albeit the biggest—of an extraordinary series of acquisitions which has seen Electrolux purchase more than 100 companies in 40 countries since the late 1960s.

Werthen has sought to establish market dominance and in a largely stagnating market has managed to make Electrolux into one of Sweden's fastest growing companies with sales increasing by 24 per cent a year—and a big part of that coming from acquisitions.

An enthusiastic mountain climber he is used to negotiating obstacles. But the Zanussi takeover has tested even his stamina. He has been helped, however, by hte flexibility of Electrolux's top management structure.

The group is run by a troika. Werthen, aged 65, is undoubtedly the first among equals. But the management load is shared with Gosta Bystedt, aged 55, chief executive officer, and Anders Scharp, aged 50, managing director.

Bystedt and Scharp have been with Electrolux for most of their working careers whereas Werthen was brought in from L. M. Ericsson, the telecommunications group. He was hand picked by Marcus Wallenberg, the legendary Swedish banker and industrialist, to rescue Electrolux from crisis.

Cold dips

Werthen is still a winter swimmer, having a liking for the icy Baltic waters around the islands of Stockholm's archipelago. And he has imposed his own Spartan tastes on the way Electrolux is run. There is no palatial corporate hq in the capital for the country's second-largest industrial group. It is run from an old vacuum cleaner factory.

Werthen is the extrovert and the public performer of the three—indeed, he is sometimes called the only Swedish industrialist with a sense of humour. He is the main source for new ideas within the group. Bystedt, as befits a former Swedish rifle shooting champion, is seen as the calculating analyst who sifts Werthen's ideas.

Scharp is the youngest of the three. He is the technical man, charged with implementing the restructuring programmes. He used to be head of production in the group.

Skeletons hunt

"We are three very different characters," says Bystedt. "We can see problems from different angles. But in most cases we can agree on common solutions. It is a very happy team. I have not seen many companies able to run on this basis."

The Zanussi takeover has proved to be one of the most long drawn-out acquisitions that Electrolux has ever made. But at least it has given it time to check the books properly.

Werthen says: "A company like Zanussi with all its problems has a lot of skeletons in the cupboard.

"Fortunately we are in the same business and knew which doors to open."

Just in case, however, Electrolux has armed itself with an insurance policy against unpleasant surprises. As part of the deal it is withholding some of the payment to the Zanussi family for their shares until it is sure that there are no more cupboard doors to open.

"Look, I keep telling you—I have no influence over the allocation of shares"

Hornby's stage

Rank Xerox (UK)'s gesture in "lending" chairman Bryan Nicholson to the Government has meant promotion to the chair for Derek Hornby, an executive director of the international company, Rank Xerox.

Nicholson has been seconded by Rank Xerox for three years to chair the Manpower Services Commission.

Hornby, aged 54, steps into the job at a critical time in the company's fortunes. Forced into a new strategy by increasing competition in the copying market Rank Xerox in Britain has cut its workforce by more than 1,000 to 4,000, and is now offering a complete office service.

It will be Hornby's task to make sure the plan works. "We see our market segment as everything to do with moving and recording a document in an office," he says.

Hornby favours bright shirts and brighter ties, and his friends say he has a touch of theatre about him. That is not surprising. In the 1960s he made a right-angle turn away from the usual career pattern of a rising young corporate executive (he had been with Vacuum Oil, Mars, and Texas Instruments), and went to Stratford-on-Avon as administrative director of the Royal Shakespeare company.

He stayed in Stratford for three years and says he found there, "a well-run, efficient business employing 500." And why did he take the job? "I would have kicked myself for the rest of my life if I hadn't."

Hornby's interest in the theatre is now a spare-time activity. He is a board member of actor Anthony Quayle's Compass Theatre company, and helps with business advice.

He is married to Sonia Beesley who broadcasts for the BBC.

Late nights

Peter Matthews, David Claxton, and Sheridan Swallow, resigned their posts in Imperial Group's brewing and leisure divisions last Wednesday, and before sitting down to dinner that night had raised £9m from institutional investors. They and their backers are keen to have a stake in convenience stores, the latest fad in British retailing.

The three are bidding for the loss-making Cullens Stores, a chain of some 100 up-market grocery shops and off-licences.

They plan to transform them into early-opening, late-closing, stores to supply every domestic emergency—be it breakfast, a pint of milk, a battery for the Walkman, or some soothing late-night tipple.

Mr Claxton says: "We want to restore the tradition in British retailing of service and positive hosting."

Retailers of days-gone-by may not have been aware that they were "positively hosting" — but I think I know what he means.

Observer

INTERVIEW WITH M RAYMOND BARRE

The trap France must avoid

By David Housego in Paris

M RAYMOND BARRE is the French politician who most believes that electorates should not be spared unpalatable news—and now his outspokenness is being rewarded.

From being one of the Fifth Republic's most reviled Prime Ministers, who headed a government that squeezed living standards and allowed unemployment to grow, he now tops the opinion polls as the opposition's most popular candidate for the presidency in 1988. He has out-distanced his two main rivals, former President Valery Giscard d'Estaing and M Jacques Chirac, the Mayor of Paris.

In the 1970s, the French had no wish to hear M Barre's Scrooge-like message that there was no avoiding the painful consequences of the two oil shocks and the world recession. But after seeing unemployment rise further under the Socialists and living standards continue to fall, many have again turned to M Barre as to a beacon in a storm.

"I was never personally unpopular," says M Barre explaining the change in his fortunes. "It was that my policies were not accepted. But people are now aware that they would have saved us a great many difficulties. That is the heart of the matter. . . . Because I held firm as Prime Minister, I am now reaping the advantages.

"The French are telling me constantly that at least you never changed. You always set things out as you saw them and now we see that you were right." Modesty was never M Barre's strong point. But his heavy-jowelled features now dissolve unexpectedly into a broad grin.

M Barre's message is still as sombre as before—if not more so. He believes that France could be entering a damaging three-year period of electioneering and political instability. He fears that the parliamentary elections of 1986 could produce an open tussle between a right-wing dominated National Assembly and a Socialist presidency that would produce the same paralysis of political institutions and economic decision-making that occurred under the Fourth Republic.

"My only objective is to tell my compatriots that this type of situation must be avoided," he says. "It is for this reason that I say they must vote massively" (to produce an overwhelming victory of the right that would force President Mitterrand out of office).

"But if that does not occur then over two years France will be in a sort of quagmire in which there will be a total absence of policy-making. Everyone will be on their guard, with politicians attempting to live and survive together while awaiting the Presidential elections of 1988."

M. Barre is hesitant of airing his full fears in public. But among friends his analysis is that M Mitterrand, whose popularity sank to a further record low in the opinion polls last weekend with only 26 per cent expressing confidence in him, now knows that the Left has lost the Parliamentary elections in 1986.

M Barre thinks that M Mitterrand will be ready, however, to offer the Right the chance of forming a government in 1986—but in economic circumstances that would be so difficult that the Right would be discredited and M Mitterrand thus able to exploit its failure in seeking a fresh mandate for the Socialists in 1988.

The two-year tussle between Government and presidency in which M Mitterrand would hold the Trump card of being able to dissolve the National Assembly, would, in M Barre's eyes, be two years of paralysed government and two years economically wasted for France.

M Barre is almost alone among opposition leaders in arguing that the Right should refuse office while M Mitterrand remains as President. Both M Chirac and M Giscard d'Estaing believe that the Right must be prepared to form a government on the grounds that it cannot ask for the electorate's support but then refuse the responsibilities of office. Privately M Barre believes that his warnings will go unheeded and the opposition will fall into M Mitterrand's trap of accepting "cohabitation" — a notion of right-wing government taking power under a Socialist Presidency.

M Barre believes that the opposition would be taking office in economic conditions far worse than are apparent today with the budget deficit higher than the Government has forecast, a renewed deficit in the social security fund and a continuing high level of foreign debt. He fears that the Socialists will add to the difficulties by relaxing their current restrictive policies before the 1986 elections, but that some of the inflationary symptoms will be masked by controls.

M Barre: a sombre warning of political instability

Thus a new administration coming to power in 1986 would be called on to take draconian measures to curb expenditure or raise new receipts to stabilise the economy and protect the franc. The necessary decisions would be all the more difficult to take, as M Barre sees it, because a fresh stabilisation package would coincide with the slow down in the world economy and a worrying political situation in West Germany.

In practice, M Barre believes that a right-wing government would not risk unpopular decisions knowing that M Mitterrand had the power to dissolve the National Assembly. Hence M Barre's belief that if the Right wins in 1986, M Mitterrand must be forced to resign so that a new administration would have a fresh mandate. M Barre believes that if the Right's victory is sufficiently overwhelming, M Mitterrand is conscious enough of the dignity of the Presidency and the danger to France's image abroad of a long drawn out tussle between the President and the National Assembly, to step down.

Against this uncertain horizon M Barre sees his task as that of spelling out the dangers. Over the last two years he has stumped the country answering invitations to speak to normally packed halls. He is listened to, because unlike M. Chirac or M Giscard d'Estaing, he has preserved his reputation for consistency.

To enforce it further, he has just brought out a new book, a large part of which is given over to reprinting his speeches. A major theme of the book—and one that echoes General de Gaulle—is that politicians need to regain public credibility and that France must, at all cost, avoid a situation in which government is weak and confused.

In the last resort, M Barre believes that the political uncertainties weigh more heavily over France's immediate future than the economic difficulties. "Economic problems can always be mastered," he says, "providing an effort is made. France has the resources to do better. But for that clear policies are necessary and not the sort of confusion that would cost us two years."

Like General de Gaulle over much of his career, M Barre does not belong to a political party.

The priority he gave to cutting the budget deficit and setting tight monetary targets while Prime Minister under M Giscard d'Estaing earned him a right-wing political label. But it is not one that he is comfortable with. He says: "I am unclassifiable." But he adds: "I am in favour of a liberal society. I am for a market economy open to the world and against protectionism. I am for a strong state but one which does not constantly intervene in the economy and impose regulations and controls—I am strongly against that. I am in favour as well of an economy that expresses the solidarity of the different segments of the community."

"Solidarity" is a recurrent theme in M Barre's language and one which distinguishes him from the French Right that would like to push for a substantive dismantling of the welfare state. He recalls that when he was in London last weekend, a questioner had told him that both the Archbishop of Canterbury and Mr Neil Kinnock, the leader of Britain's Labour Party, had expressed their support for a society that combined "advanced technology with compassion."

"I replied," said M Barre, "that I did not use the world compassion but instead solidarity."

This emphasis on preserving the social fabric in face of the strains of unemployment suggests some affinities with the "wets" in the British Conservative Party.

"I would never refuse to be linked with Lord Carrington," he says, "but on a number of points I think I have more in common with Mrs Thatcher than with Mr Heath."

After giving the Socialists credit for re-establishing the achievement of a trade surplus as a priority of policy, M Barre has returned to the attack over their record on public-sector deficits, controls and industrial restructuring. He thinks it is nonsense to argue that the left is now rationalising industry in a way that the right was unable to do because of union opposition.

He is particularly hard on Renault's plans to avoid redundancies through extended training programmes. "In my view," he says "it is the symbol of a government which has not ceased talking about modernisation but which is incapable of taking a decision to achieve it. . . . When the president of Renault presents a plan, he announces a certain number of things. Three months later he does the opposite."

Over Creusot-Loire, the bankrupt heavy engineering concern, for which there is still no finalised rescue package, he is equally castigating. "When a large group with a fundamental role in the economy is threatened, a government should not allow it to collapse. But the Government should ensure that a solution is found which allows the company durably to get back on its feet."

He does not see such state support as implying any abandonment of his liberal principles. "We have seen the government of Mr Reagan make a loan to Chrysler," he says. "And we have seen the Americans nationalise Continental Illinois."

On industrial policy his belief is that the Government should help industry achieve its objectives. But it is not for the Government to tell it what to do. He nonetheless believes that M Giscard d'Estaing was too interventionist towards industry while he was at the Elysee.

Lombard

An inflation overkill?

By Samuel Brittan

IN THE last year or so the case for stimulating demand has been put forward with more sophistication than was formerly the case.

The new-style reflationists accept that the best that can be achieved by demand management is to reduce unemployment to that rate below which inflation starts to accelerate. That rate is the so-called NAIRU, or non-accelerating inflation rate of unemployment. That rate may still be far too high but to get it down further requires structural change in the labour market and elsewhere. The argument of the reflationists is that in mony countries unemployment is several per cent above the NAIRU and that a once-for-all stimulus could safely be given.

They add that if this boost is administered simultaneously by, for instance, the stronger members of the EEC, or of the OECD outside the U.S., acting in concert, then the leakages into imports or the weakening of exchange rates, which so often accompany demand stimulation, will be much reduced.

Even if all the assumptions are perfectly correct there is a price to be paid for such temporary stimulation. This is that inflation will fall more slowly and eventually stop falling altogether. In countries where inflation is already negligible this may not matter. Indeed, it may even have the advantage of preventing "deflation" in its proper sense.

But in countries with higher rates of inflation, such as France, Italy or even the UK, the risks are much greater. In these countries it would matter if inflation stopped falling; and even if we are willing to pay this price to secure more jobs, there is the risk that the NAIRU has been over-optimistically estimated and that inflation will take off again without more than even a fleeting offset in terms of more jobs.

If one turns to Germany and Japan the case of the sophisticated stimulators becomes altogether more plausible. In Germany the inflation rate, measured by consumer prices, has fallen from 3.3 per cent in 1983 to 1½ per cent in the last year and half a per cent in the last six months.

Moreover, the German independent economic institutes have argued, in contrast to the German Government, that even the present not very princely real economic growth rate of 2½ per cent may tail off next year. Monetary growth in Germany is at the bottom of its target rate. In addition the upside possibilities in relation to the German Mark suggest that international factors will push the German inflation rate below what many forecasters now expect.

The Japanese position is not quite so clear cut. Here it is producer price inflation that has been very low. In fact producer prices fell by nearly 1 per cent in 1983 and look like being completely stable this year. Consumer prices may be accelerating very slightly, but from a 2 per cent level of consumer price inflation. Industrial production is much stronger in Japan than in Germany, despite the weakness of consumer spending. Monetary growth is also more buoyant, if slightly below target.

It is difficult to claim that Japan would be taking an overwhelming internal risk with a budgetary stimulus, even if the motive were a good-neighbourly concern for the world economy or a prudential desire to fight off protectionist pressures in America and Europe.

Incidentally, the main reason why budgetary stimuli are to be recommended for Germany and Japan is because their exchange rates are below their probable underlying level; and this makes monetary relaxation more risky. But the argument does not depend on any erroneous belief that fiscal action is inherently more important than the monetary side.

The difficulty about arguing the case that a few countries have gone in for inflationary overkill is that of the boy who cried wolf too often. Indeed I myself am hesitant about making the case lest it should encourage the fond delusion that the main causes of unemployment are to be found in fiscal and monetary policy, which I would judge have perhaps 20 per cent responsibility compared with 80 per cent for the more fundamental forces at work.

Letters to the Editor

A gadget paradise

From the Managing Director, Pax Technology Transfer

Sir,—Jan Toporowski (Why we should be wary of a gadget paradise, November 14) need have no fear. This complacency is mirrored in many industrial and financial companies in this country. Perhaps the major problem in the UK economy is a deeply felt, sincere, and irrational fear of change.

Without innovation and change, any enterprise would assuredly decline. Only the time scale is uncertain. With innovation, the enterprise may flourish unless the new venture is misjudged, in which case the decline is only accelerated.

Even the most basic industries—transport, agriculture, building, tourism, etc—depend not only on low cost inputs such as energy and steel, etc, but also on a supply of efficient low cost equipment and components. The latter are increasingly based on innovative designs, materials and new production control and distribution systems. If we do not embrace this new knowledge and slip too far behind, the industrial and cultural blight will reach the most fundamental of our activities and our economic and spiritual needs. The social disruption of a nation in decline is far greater than that of an industrial sector in decline.

Fortunately, ample opportunity exists for companies to acquire new technology from established industrial users abroad and from the many research and development organisations in this country and around the world. British entrepreneurs who can select appropriate and useful technologies with clear minds, and who back their judgment with money and determination, will find excellent opportunities for profitable development of modern businesses. Our society should find it agreeable to adapt to less arduous, more interesting and remunerative enterprises.

John D. Emannel.
6 Donovan Avenue, N10.

Actuarially possible

From Mr J. Harrington

Sir,—Clive Wolman claims (November 9) that some degree of retroactive taxation is necessary because one could not untangle the actuarial value of accrued pension lump sums. It seems strange that a similar calculation to determine the accrued benefit that would not need to be 5 per cent inflation proofed presents no problems.

All that is necessary to prevent the iniquity of retroactive taxation is to determine the uplifted eightieths accrued on the basis of salary on the date lump sum taxation is law. Only the lump sum in excess of this should be taxable. A more generous basis would guarantee a tax-free uplifted eightieths accured percentage but applied to the salary at retirement. Neither of these solutions would require much work or actuarial untangling.

As one with a vested pension accrued to 1977, my benefit has not received any GMP increase and will not get any increase under proposed legislation that protects vesteds against inflation. If I survive to retire in 2013, at 65, I would regard taxing the lump sum element of it as outrageous!

Jan R. Harrington.
PO Box 746,
General Post Office,
New York, NY 10001.

EEC spending and VAT

From Mr J. Bourlet.

Sir,—The EEC agreement by Foreign and Finance Ministers on future spending (November 13) appears to clear the way for acceptance of the increased VAT revenues by Westminster as proposed by the Fontainbleau summit agreement. MPs will shortly be debating this issue.

This budget "deal," welcomed by M Michel Rocard, French Agriculture Minister, simply "estimates" that after next year farm spending will rise by less than 10 per cent and "hopes" it will grow by less than the growth of EEC taxes.

But what specifically is to be cut? What fundamental reform has been achieved? What legal restraints on spending have been achieved? As was made painfully clear in the 7th report of the Treasury and civil service select committee almost no spending cuts can be expected apart from administrativa economies and delayed payments unles revolutionary political decisions are taken to reverse current programme policies. Nothing in the deal suggests other than a cosy form of words amounting to a continuation of present practices. Can this possibly justify removing the only real restraint that ever existed to EEC spending—the 1 per cent limit on VAT revenues (8 per cent of UK VAT receipts)?

Mr Ian Stewart, Treasury Minister, told the select committee that Parliament would not be asked to ratify the VAT increase to 1.4 per cent unless a satisfactory agreement on expenditure control can be put in place. Since no sanctionable undertakings have been made, no legal restraint agreed, the request for more cash is still aptly described by Peter Lilly MP's comment that it is rather like "asking an alcoholic to reform but giving him more whisky provided he signs the pledge."

The case therefore has merely been strengthened for a salutary rejection of the whole Fontainebleau proposal by our Parliament.

James Bourlet.
City of London Polytechnic,
84, Moorgate, EC2.

Efficient use of energy

From the Chief Executive, Freeman Group and Energy Efficiency Marketing Adviser to the Secretary of State for Energy

Sir,—I have read with interest recent correspondence on the efficient use of energy, although there appears to be a wide difference of opinion between Messrs Probert and Brooks representing gas and electricity and Messrs Warren and Wallace from conservation-trade and politics, I feel that differences are more a matter of degree than fundamental principle.

We are surely all agreed that our objective is to use energy more efficiently to reduce cost. This may or may not result in increased demand—but the decision on whether or not, for example, Sleipner is required is not fundamental to the "need for efficiency" argument. Returns to supply and demand side investment can still be compared regardless of unit cost/demand elasticity.

With their vast resources—technical and marketing, as well as finance—it is surely the utilities that have the greatest power to ensure that their product is used efficiently. Since they are publicly owned they should perhaps also have the duty to do so. The market place is not efficient as the increased need for central government assisted demonstration projects has shown.

The area of disagreement—or should I say "which needs clarification"—is the extent to which this should occur for, make no mistake, the commercial and financial objectives of the utilities may well be at odds with the best strategy for UK plc.

The area of frustration within the efficiency industry is that the heavy muscle of the utilities is seen to be being used more against each other than for the true cause of efficiency. The efficiency lobby does not have the funds to counteract this. The power is in the hands of the purveyors.

The ball is in two courts, central government to make clear its priorities, and the utilities to start ensuring that all captive existing customers are using products wisely as well as promoting the wider and necessarily wiser use of their product against each other.

Jim Potter.
Broad Lane,
Cottenham, Cambridge.

Current cost accounting

From Mr D. Dale

Sir,—Michael Prowse's article "Ill feeling over CCA" (November 13) tells the sad story of British attempts to account for inflation. He says quite rightly that ". . . current cost accounting . . . has nothing per se to do with inflation." It is because this fact has not been generally recognised that we have lost ten years in introducing a simple and satisfactory method of accounting for inflation.

CCA is rightly discredited. We should bury it for good and all, reduce our pre-tax profit by an amount equal to our assets employed multiplied by an inflationary index, and use the reduced figure for the determination of corporation tax, dividends, and wage increases.

This was proposed many years ago, would increase substantially the profit retained in industry—which is sorely needed—would cost nothing, and could be done tomorrow.

Douglas Dale.
97 Hilderstone Road,
Meir Heath, Stoke-on-Trent.

Sweetness and light

From Mr R. Collard

Sir,—As a member of the Chartered Institute of Public Finance and Accountancy I, like Mr Turnbull (November 14) was pleased to learn that my professional body had decided to take his under its wing.

Regrettably I had to explain to my wife and children that the proposed merger would not mean an immediate end to my leaving home at 7.30 am and returning at 11.30 pm, having been privileged to attend and advise a council committee from 6.00 pm to 11.00 pm, and that the company car, annual bonus and non-contributory pension were still only dreams.

I did, however, promise to try to replace my ageing suit with a snappier version in pinstripe but this depended on my persuading the old lady in the corner sweet shop to pay me £18 per hour to balance her petty cash book!

R. S. Collard.
6 Peartree Road,
Herne Bay, Kent.

FINANCIAL TIMES

Monday November 19 1984

Terry Byland on Wall Street

Tougher market in store

THE SOMEWHAT mixed trading results announced over the past fortnight by leading retail U.S. groups may have implications reaching beyond Wall Street. In reviewing their forecasts for the all-important Christmas selling period, brokerage analysts are also taking a view on the pace of the U.S. economy in the final quarter of 1984.

Indeed, the patchy sales progress recorded by the stores in the third quarter may already be indicating a tougher marketplace where consumers are counting the pennies more carefully. Most of the big names pushed sales ahead over the quarter. The strongest gains came from K mart, the king of the discounters, with Wal-Mart, another fast tracker, also outstanding.

The more staid members of the business, J.C. Penney, Allied Stores and Federated Department Stores, chalked up more modest sales gains.

When it came to profit-making, the going evidently became more difficult, with K mart and Wal-Mart still strongly ahead but some of the others suffering from fierce price-cutting and from higher costs.

J.C. Penney's earnings, 8 per cent up in the quarter, only grew because an inventory profit of $13m was taken in. Associated Dry Goods, with profits 12 per cent up, spoke of a weaker sales trend and the need for heavy promotional expenses.

Wall Street's retail-sector analysts have been heeding the signs of a slowdown in consumer activity, although they are by no means of one mind. Some analysts, who naturally have the support of Mr Malcolm Baldrige, the Commerce Department Secretary, and other administration spokesmen, point to high employment levels and low inflation. Consumer confidence remains high and several of the leading stores have expressed confidence for their Christmas sales.

Company	Third-quarter results Sales %	Earnings %
Allied St	+ 5.5	− 8.8
Dayton Hudson	+13	− 3
K mart	+16	+13.5
J.C. Penney	+10	+ 8
Wal-Mart	+33	+38

Others take a more cautious view, and have been marking down their estimates of full-year earnings from the sector. In his latest review of the industry for Goldman Sachs, Mr Joseph Ellis says bluntly: "Consumer fundamentals continue to deteriorate."

He suspects that the rest of Wall Street will soon start revising its predictions downwards for next year and that retail stocks will be "unlikely to re-establish market leadership."

Last month, he reduced his forecasts for Allied Stores and for Federated Department Stores. Allied turned in a fall of 8 per cent in third-quarter earnings, blaming price-cutting for pressure on its profit margins. Federated, a Cincinnati-based group, sharply disappointed investors with a 31 per cent fall in profits, and admits that the Christmas season will be highly competitive this year.

The possibility that consumer spending may fail to keep the U.S. economy moving forward strengthened last week when the Commerce Department disclosed that retail sales dropped by 0.1 per cent in October, as well as revising downwards its figures for September.

That has cast doubts over the fourth quarter, for the retail stores and for the economy as a whole. A weak Christmas selling period would certainly hurt the store shares, but it would also be a warning signal right across the economic spectrum.

Retail stock prices may have already discounted such slowing in retail sales as has been seen so far. Stock in J.C. Penney, K mart, Allied Stores and Wal-Mart are between 15 per cent and 20 per cent off their peak levels, compared with about 8 per cent for industrial stocks.

The odd one out is R.H. Macy, which paid the penalty for its 27 per cent drop in third-quarter profits with a further slide in the share price, which is now more than 30 per cent off the top.

The question mark over Christmas sales is heavy with significance. Retail stocks have been remarkably resilient over the past fortnight, despite the patchy results for the third quarter and the uneasiness of the industrial stocks. Now, with the Dow Jones industrial average below 1,200 again and market strategists doubtful of support at 1,180 or even lower, retail stocks are vulnerable to any further indication that the economy is slowing down.

Those cash registers will have to ring out loud and clear for the next five weeks if Wall Street is to enjoy the festive season to the full.

William Hall examines the reasons behind a recent spate of property sales

U.S. banks sell their ivory towers

NOT SO LONG ago it was only near-bankrupt airlines or cash-strapped industrial companies that were prepared to sell their headquarters. Lately, however, leading U.S. banks, the wealthiest members of the corporate establishment, have been rushing to sell their prestige office towers.

In some cases, the banks concerned have not been in a particularly healthy state. Crocker, which sold its San Francisco headquarters to the Prudential insurance company for $358m last month, has lost more than $150m over the last year and the $185m after-tax gain it has made on the sale of the building will come in handy as it restructures and strengthens its balance sheet. The same goes for InterFirst, the big Texas bank which has suffered from heavy losses in energy lending. It made a profit of close to $70m on the recent sale of its Dallas headquarters.

The trend is not confined to the weaker members of the U.S. banking community, however. Several of the most successful lenders in the U.S. have also decided that it is time to sell their headquarters. They are under pressure from the government bank regulators to bolster their capital ratios, and big institutional investors appear to have an insatiable appetite for the type of property involved at the moment.

Nevertheless, it is a trend which many of the more conservative bankers in Europe may find hard to accept, and even among U.S. bankers there are differences of opinion about the wisdom of the sales.

In September, Security Pacific, the California banking group, sold its Los Angeles headquarters to Metropolitan Life for $310m, reaping a $125m after-tax gain which it used to bolster reserves against possible losses on loans to developing countries. Last week, the Bank of Boston announced it was selling its 13 year-old headquarters for $365m.

Mr Alan McKinnon, Bank of Boston's chief financial officer, said that the offer was five times the carrying value of the asset, which stood in the banks books at under $70m. The gain from the sale will substantially increase the capital of both the parent corporation and the bank, allowing for future growth.

In common with other banks which have had to consider whether the sale of the head office makes sense, Bank of Boston had to determine whether the after-tax profit on the building's sale, plus the return it could earn from investing the profits, were greater than the increased rental payments it must now pay.

"We felt we were in the banking business and should get out of the real estate business," said Mr McKinnon. "We should not hold on to an asset which has appreciated this much and yet not be in a position where we could utilise it in our primary business."

Mr Shelley Seevak, the head of Goldman Sachs' real estate operations, who has played a key role in arranging many of the deals done so far, said that they make a lot of sense. "Property values are very strong right now. Bank buildings generally are very well located, well leased and the sort of high quality properties which are attractive to institutional investors." The big institutional investors have plenty of money available and are anxious to increase their involvement in property.

Mr Seevak said investors were looking for "first-year cash on cash returns of 7½ per cent, or a little more" on their investments in bank buildings. They also expect a longer term internal rate of return of around 13 per cent a year.

Not everybody is as bullish as Goldman Sachs about the move by banks to take profits on their headquarters. Mr Robert Gordon, an analyst with Bateman Eichler, a Los Angeles brokerage firm, does not believe that Security Pacific's decision to sell its headquarters makes sense. Its occupancy expenses are going to be higher and more variable in the future, and he expects the current surplus of office space in downtown Los Angeles to have disappeared within five years.

Bank of America, which is under more pressure than Security Pacific to step up its capital ratios, is not as convinced as some of its rivals that selling its headquarters is in its best long-term interest. The value of the bank's San Francisco headquarters has risen five-fold over the last 14 years and is now probably over $500m. If several of the bank's other big office complexes were also to be put up for sale it could probably raise more than $2bn in total, and show a pre-tax profit of upwards of $1.2bn.

Bank of America has not ruled out the possibility that some day it might sell some of its property. It sold Seafirst's headquarters shortly after it acquired the ailing bank last year, and used the $40m profit to boost Seafirst's weak capital position. Mr Daniel Costello, however, who heads the bank's real estate operations, said that he continued to believe "that if you do a honest financial analysis and not try to reach the answer someone tells you to reach, it is not a good financial or real estate decision over the long term to sell our building and lease it back."

Alfa Romeo sets deadline for UK operation to break even

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

TWO of Europe's leading car manufacturers, Daimler-Benz of West Germany and Italy's Alfa Romeo, have run into serious problems with their UK operations.

Alfa Romeo, which is state owned, has been forced to pump £15.5m ($19.5m) into its British subsidiary to cover losses over the past two years, and has given the company one last chance to survive.

Daimler-Benz's British subsidiary suffered a 75 per cent drop in net profits last year and consequently reduced its dividend payment to the parent group by 28.5 per cent, from £2.1m to £1.5m.

Alfa Romeo (Great Britain) has been told it must break even by the middle of 1986 and that its losses for next year should be only around £1m, according to Mr Rinaldo Hercolani, managing director of the British company.

Alfa injected £4.5m into the UK offshoot in 1982 to cover losses for the previous year.

Mr Hercolani said that the latest cash injection should save about £2.3m in annual costs and was made after the parent group agreed a complete change in policy for the British company.

In future it would no longer attempt quickly to rebuild its sales volumes in the UK – which have fallen from 13,000 in 1979 to an estimated 4,000 this year – but instead would cut costs to match more reasonable sales targets – 4,500 for 1985 and between 5,000 and 5,500 the following year.

The company has already cut its headquarters staff from 135 to 71, put its headquarters, opened at a cost of £5m in 1980, up for sale along with other property valued at about £700,000; and cut advertising and promotional expenditure to reflect the lower sales expectations.

Mr Hercolani admitted that earlier this year dealers had been deserting at the rate of five or six a month. This has now been stemmed, he said, and the company is left with 97 dealers, following the loss of 24 in 1983 and 29 this year.

Unsold stocks of cars had been cut back to 1,000 with the import company and at the dealers, compared with 1,600 at the beginning of 1984.

Alfa's problems stemmed to some extent from the disappearance of the small Alfasud model which accounted for six out of 10 of the company's total sales in Britain but was replaced by the bigger and more expensive Alfa 33.

This problem should be overcome now that the UK network has the Arna, a model jointly produced in Italy by Alfa and Nissan of Japan, and sold in Britain at £425 less than the equivalent Nissan model.

In future, however, Alfa will concentrate on selling high-performance versions of its models in the UK in order to differentiate them from similar cars produced by the high-volume producers, said Mr Hercolani, pointing out that Alfa's total car output is still only slightly above 200,000 a year.

Mr Hans Tauscher, managing director of Mercedes-Benz (UK) blamed severe competition in Britain's commercial vehicle markets and the strengthening of the D-Mark against the pound for the slump in net profit from £5.82m in 1982 to £1.45m last year. The decline is even more severe when compared with the £9.1m net profit for 1981.

Mr Tauscher said that profits are likely to be reduced again in 1984 because of the continuing strength of the West German currency and because of further extraordinary costs in connection with the move by Mercedes-Benz (UK) to a new £13.25m headquarters and parts supply centre.

In 1983 the company's turnover rose from £226m to £284m. Car sales increased from 12,751 to 13,928 and commercial vehicle sales from 8,996 to 11,145. The company expects car registrations to rise to 14,500 this year and increase again to 18,000 in 1985. About one-third – 5,600 – of next year's sales will be accounted for by the new 190 model.

UK under pressure over battle helicopter

By Bridget Bloom, Defence Correspondent, in London

BRITAIN is under severe pressure from its Nato allies to take an early decision on a new battlefield anti-tank helicopter.

The pressure comes from two different directions, with the British Ministry of Defence (MoD) caught uncomfortably between three principal European allies.

Italy is seeking to sell a developed version of its own A129 aircraft to Britain at the same time as British participation is being sought in a new Franco-German helicopter project.

The struggle between the two European programmes for British participation is particularly intense because neither is believed to be fully viable on its own.

Britain's dilemma is particularly acute since a decision in favour of one inevitably risks offending the other, at a time when Britain has decided to give co-operative arms production in Europe a higher priority than ever before.

The contest also illustrates the confusion in the European helicopter market, which many observers believe is not big enough to permit the development in the next few years of two very similar anti-tank aircraft.

Observers also feel that the competition between the two projects can only be detrimental to Europe's hopes of competing in the field with the U.S.

At stake is a contract for about 125 anti-tank attack helicopters for the mid-1990s, worth some £500m ($630m) at today's prices.

However, Britain is evaluating a troop transport helicopter, also worth about £300m, for delivery at the end of this decade. There is as yet no sign of compromise, and suggestions that there might be some cross deals between the two contracts are discounted at the MoD.

Meanwhile it is understood that the ministries of defence in the four countries are preparing to sign a memorandum, originally intended for signature in the late 1970s, which would pledge them to full cooperation in helicopter production.

This will probably be too late to bring rationalisation to the anti-tank projects but could involve the production of tactical and troop transport helicopters for the mid to late 1990s.

Background, Page 3

Anglo-Irish talks may open way for future progress on Ulster

BY BRENDAN KEENAN IN DUBLIN

DR GARRET FitzGerald, the Irish Premier, and Mrs Margaret Thatcher, the UK Prime Minister, last night began a series of talks which the Irish Government hopes will help the constitutional nationalist parties in Northern Ireland regain the political initiative from their militant Sinn Fein and IRA rivals.

The talks, regarded as the most important Anglo-Irish summit since the series of meetings begin in 1980, are taking place under unprecedented security precautions. A few hours before the talks began, neither side would confirm when or where the meeting was taking place.

The British Government, while anxious to appear receptive to Dr FitzGerald's arguments, is reluctant to take any step which might trigger loyalist violence in Northern Ireland. The most likely outcome of the summit is considered to be a fairly low-key communique setting out agreement on broad principles which may or may not imply sufficient agreement on points of substance to satisfy the Irish.

As Dr FitzGerald prepared to leave Dublin, there was some suggestion that he might not sign a joint communique if he were dissatisfied with progress at the talks. Instead, according to unofficial reports, he might ask for a three-month moratorium while both sides reassessed their positions.

The Irish, who had earlier hoped for a substantive response from the British to the report of the New Ireland Forum, have lowered their sights considerably in recent weeks. They are now seeking agreement on criteria essential for progress in Northern Ireland similar, though not necessarily identical, to those set out in the forum report. This would include the need to reconcile the nationalist minority to the institutions of the Ulster state, and to give institutional recognition to the minority's aspirations and Irish identity.

Ideas canvassed at preparatory talks at official level include reinforcement of the Anglo-Irish Intergovernmental Council by the addition of a full time secretariat and a parliamentary tier; closer relationships between the armies as well as the police forces on both sides of the North-South Irish border; joint judicial structures; and the establishment of a security commission headed by ministers from both governments.

Considerable differences could emerge, however, on the degree of Irish participation – whether, for example, it should be executive or purely consultative – and it is not clear whether the two prime ministers will make sufficient progress today to discuss any of these ideas in detail.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dubrovnik	C	14	57	Malaga	—	—	—	Salzburg	S	11	52
Algarve	F	20	68	Faro	S	18	64	Malta	F	21	70	Seoul	C	16	61
Algiers	S	23	73	Florence	R	8	46	Manila	S	31	88	Singapore	R	30	86
Amsterdam	C	6	43	Frankfurt	C	6	43	Miami	F	26	79	Stockholm	S	4	39
Athens	F	20	68	Funchal	F	20	68	Milan	F	6	43	Strasbourg	S	11	52
Bahrain	S	28	82	Geneva	S	7	45	Moscow	C	−4	25	Sydney	S	25	77
Bangkok	S	34	93	Gibraltar	F	19	66	Munich	F	7	45	Taipei	R	27	81
Barcelona	F	16	61	Guernsey	C	9	48	Nairobi	S	25	77	Tangier	C	18	64
Beirut	C	22	72	Helsinki	F	3	37	Naples	C	14	57	Tehran	—	—	—
Belgrade	F	9	48	H. Kong	S	27	81	New Delhi	S	31	88	Tel Aviv	F	22	72
Berlin	Sn	−1	30	Innsbruck	S	5	41	New York	R	10	50	Tenerife	F	24	75
Biarritz	F	16	61	Inverness	—	—	—	Nice	C	14	57	Tokyo	C	15	59
Blackpool	D	5	41	Istanbul	F	15	59	Oporto	C	14	57	Toronto	C	2	36
Bordeaux	F	14	57	Jersey	C	10	50	Oslo	C	1	30	Tunis	F	23	73
Brussels	F	8	46	Jo'burg	F	25	77	Paris	R	8	46	Valencia	S	20	68
Budapest	R	4	39	Las Palmas	F	23	73	Prague	R	1	34	Venice	F	7	45
B. Aires	F	19	66	Lima	F	21	70	Reykjavik	F	2	36	Vienna	C	3	37
Cairo	S	25	77	Lisbon	F	17	63	Rio de Ja'o	C	30	86	Warsaw	F	0	32
Cape Town	S	24	75	Locarno	S	7	45	Rome	F	17	63	Zurich	S	9	48
Caracas	C	26	79	London	C	8	46								
Casablanca	—	—	—	Los Angeles	F	21	70								
Copenhagen	C	4	39	Luxembourg	C	7	45								
Corfu	F	17	63	Madrid	F	11	52								
Dublin	R	7	45	Majorca	F	20	68								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Chile opens debt talks

Continued from Page 1

● The Bank of England confirmed in London at the weekend that British banks would have to obtain prior approval before switching the currency of their Mexican loans from dollars to sterling. Such a decision will have to be notified to the Bank before the end of the year.

Although the Bank has no objection in principle to the currency switching clause in Mexico's latest rescheduling agreement, it is anxious to ensure that the changes will not depress sterling as Mexico sells the borrowed British currency in the exchange markets.

Prices higher at Beaune auction

By Edmund Penning-Rowsell in Beaune

DESPITE the certainty that in the Côte d'Or this year's Burgundy vintage is no more than moderate, and clearly inferior to last year, prices at yesterday's Hospices de Beaune auction of its own 1984 wine were much higher than expected.

In particular, partly because of some American and British demand, prices of white wines were 58 per cent higher than last year.

On average, red wines were 20 per cent higher with the Swiss emerging as prominent bidders.

THE LEX COLUMN

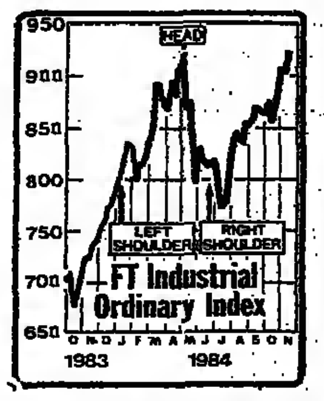
Banking on the outside chance

It is unusually bad news about the asset side of a bank's balance sheet that is likely to destroy its share price or get central bank regulators out of bed in the small hours. Covertly inter-linked lending to exotic commercial customers, or over exposure to doubtful sovereign risks – these are the flaws which can lead to the rending noise of structural failure, heard most recently in the collapse of Johnson Matthey Bankers. What happens on the liability side of the account tends to be less immediately dramatic. Banks can indeed be run dry in a matter of minutes, but generally not before developing chronic symptoms of illiquidity. Of course, once the deposit base visibly starts to melt down, as happened last summer to Continental Illinois, a funding crisis can rapidly evolve into a lack of solvency. At that point even the most illiquid assets (including those set in concrete) are hurriedly thrown on to the market.

How a bank funds its loan book may thus turn into as serious an issue as the quality of its loans. Over a span of years, the increasing mismatch between Continental's long-term loans and its funding base – in interbank deposit facilities – was all too obvious a source of instability. It is at least mildly alarming, therefore, to have a not dissimilar type of funding mismatch diagnosed – in the London Business School's current Financial Outlook – as an untenable long-term position for the UK banking sector.

The UK banks are not, it goes almost without saying, supposed to be in any danger. But there is a significant imbalance in the UK banking sector balance sheet, which can only be expected to increase if bank lending continues to grow much faster than the stock of private sector deposits – a reasonable enough assumption, given the broader role envisaged for building societies and the proliferation of alternative savings media. The divergence between loan expansion and domestic deposit growth is quite sharp. Having been almost exactly level at the beginning of 1980 – when private sector deposits and loans both stood at about £47bn – by 1988 the stock of loans is projected to exceed deposits by about 25 per cent, or £30bn.

As this funding vacuum has opened up – currently to perhaps £15bn – two main substitutes for domestic private sector deposits have



rushed in. The authorities have made good part of the deficit by purchasing an imposing pile of commercial bills – their chosen method of keeping the money market in balance. The remaining gap has been filled by inflows of sterling from overseas. So far so good; but given the scale of demand which these two sources of liquidity seem required to satisfy, it is worth asking how far the banking sector can push its luck, without running into something recognisable as a generalised funding crisis.

There is currently not the slightest hint that the Bank of England is contemplating a change in its approach to monetary control, via overfunding and bill-buying; only a week or two since, the Governor himself was to be observed mounting a defence of the bill mountain. And if the supply of bills were ever in danger of exhaustion, the Bank could simply operate on some other type of instrument – specially forged for the purpose if need be.

The external sector is perhaps a more fickle source of liquidity than custodial transfusions from the central bank. Yet its ability to play the role of a UK financial intermediary is probably stable enough over the medium term. With a balanced current account, it probably only needs the UK institutions to invest enough overseas to keep up their present portfolio weightings to guarantee an adequate reverse flow into sterling deposits. Whether this is the sort of hunch on which to plan a banking business is another matter.

British Airways

The report of the Institute for Fiscal Studies on British Airways (BA), labelling the "world's favourite" as one of its least efficient, should horrify the UK Treasury bent on seeing the airline in private hands before the end of the financial year. In fact, the full text of the report is rather less critical: the IFS rightly casts a cold eye on labour-based measures of BA's much vaunted productivity increases; but accepts that a great deal has been done since 1981.

In profitability terms, the IFS conjures the precise figure of £108.1m in exchange-rate advantages out of the £375.1m profit turnaround since 1980-81, but that still leaves a productivity improvement worth £146.3m and the IFS actually believes BA has quite good prospects in the short and medium-term. But prospective buyers hoping the IFS has uncovered vast new areas for cost-savings once BA is floated may be disappointed: the charge of cross-subsidisation of unprofitable routes is as vague as BA's quick but lofty response to it, but the fact is the airline has already cut a lot of dead routes under its new management.

A full year in the making, the IFS report returns to battlefields already partly obscured by weeds. It is an elegy for the Government's failure substantially to liberalise route structures before launching BA towards the private sector, but its attempt to rescue the situation looks a bit quixotic. No doubt the Government could announce it intends to abolish BA's future "right" to routes in favour of limited-life leases or franchises for all comers and this might make BA's management even more profit-oriented by giving it early experience of greater deregulation. But such a plan could very well scupper the flotation when buyers find that what they thought were intangible assets turn out to be wasting assets. Meanwhile, less enlightened governments might get twitchy at the UK playing musical tailfins on their home runways.

Just as airy is the suggestion that the look of BA's balance sheet is irrelevant to the flotation, on the grounds that the final price will take account of whether debt is restructured or not. The market is made up of many humans who would quail at the current levels of BA's gearing, and would like it down to that of more conventional quoted companies. The Treasury may find it has to commit to BA a few hundred million of the price it gains.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday November 19 1984

Finland to cancel all standby credits as confidence grows

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

FINLAND is to cancel all the standby credits on the books of its central bank which have been used to protect the country against fluctuations in its reserves and balance of payments.

The decision, telexed to the agent banks on all the deals on Friday, is a stark declaration of Finland's new found confidence in its own economic outlook. This is also underpinned by a quadrupling of its foreign exchange reserves over the past year.

About $1.5bn in credits is affected, all of which will have been cancelled by mid-December, saving the country some $6m annually in commitment fees.

This will come as an acute disappointment to many banks which have been trying to persuade Finland to refinance the credits on cheaper terms in the same way as Sweden and Denmark. However, Mr Matti Vanhalla, director of the central bank, said: "With our reserve and balance of payments situation in general as well as the stable monetary outlook, we feel that this sort of buffer is no longer needed."

Finland's visible reserves have quadrupled to FM 20bn ($3.3bn) over the past year and the current account balance of payments is in equilibrium, Mr Vanhalla said. The country has a further substantial, though undisclosed, cushion of reserves which has been swapped out into the forward foreign exchange market to prevent an unwanted increase in the domestic money supply.

Its policy of maintaining a stock of standby credits dates from the time when the country traditionally had a much lower level of reserves, he added. The funds were drawn on twice – in 1979-80 and in 1982-3 – when the markka was under pressure but all the drawings have now been repaid.

Finland's pulp and paper exports have been boosted over the past year by the strong dollar, but bankers add that a further reason for the turnround in the country's finances has been the tight monetary policy pursued by the central bank.

High interest rates at home, coupled with waning fears of devaluation, have encouraged a capital inflow since companies can borrow cheaply abroad without worrying about the risk of their costs increasing as the markka depreciates.

As a result, Finland has joined the growing ranks of industrial countries which no longer need to borrow heavily abroad, a trend which is increasingly forcing the Eurocredit and Euronote market to turn its attention towards corporate finance.

Among last week's new deals were a $200m, five-year Euronote facility led by Lloyds Bank international for the New Zealand Meat Producers' Board, and a $75m, seven-year facility led by Morgan Guaranty for Sparekassen of Denmark. It was left to Samuel Montagu, however, to demonstrate just how imaginative bankers have to be to sell their wares to discerning corporations with a £200m seven-year deal for London and Manchester, the British insurance group.

Terms on this deal include a finely-tuned 7/16 per cent margin and an annual option for lenders to extend the life of the credit by one year. This is because the funds will be used to finance endowment mortgages and the average life of a British mortgage is seven years.

Even more unusual is the fact that there is a carefully staggered drawdown schedule designed to match the expected expansion in the borrower's business. At least £90m will be drawn after six months, rising to £115m after a year and £139m after 18 months.

There is to be no commitment fee unless the drawdown slips behind schedule.

British borrowers find favour in the Euromarket

BY MAGGIE URRY IN LONDON

THE EUROSTERLING bond market is going the same way as the Eurodollar bond market – British corporate names are finding it much cheaper to borrow there than at home. While the authorities have been desperately coaxing companies to reopen the long moribund, long-dated domestic corporate bond market, two borrowers, BAT Industries and Grand Metropolitan, raised medium-term fixed rate debt at a yield close to UK government bond yields in the Eurosterling market.

The yields BAT and Grand Met are paying would certainly not have appealed to British investors, but there is a market for them among Eurobond investors. And U.S. companies are eyeing the interest rates jealously. They are at least a point lower than in the Eurodollar bond market – and as the borrowers think of sterling as a weak currency, there could well be issues coming from them.

More floating rate note issues in the Eurosterling sector are in any case likely this week, with Manufacturers Hanover tipped to be leading a £75m deal for the Korea Exchange Bank.

Sweden's decision to exercise the call option on its jumbo Eurodollar floater embasises how margins have changed. When Credit Suisse launched the deal in 1983, a spread of ¼ per cent over London interbank offered rate (Libor) and front-end of 1½ per cent looked pretty fine. Last week the same house priced a – much smaller – deal for Banco di Santo Spirito with a margin of 1/16 per cent over Libor and fees of 50 basis points, without quite the same success.

EUROBOND TURNOVER (nominal value in $m)	Cedel	Euroclear
U.S.$ bonds		
Last week	N/A	40,353.1
Previous week	10,207.7	26,926.1
Other bonds		
Last week	N/A	2,257.7
Previous week	1,772.1	1,471.9

The question now is, how many other borrowers will take the same course as Sweden and repay their floaters? Sweden's other FRN issues moved up on Friday afternoon as investors anticipated a shortage of such high quality paper. FRNs could become even more narrowly traded issues as demand pushes the price up towards par, but call options stop them from rising above it. The pricing of new issues could well change too, with the balance moving towards larger fees and finer margins.

Primary activity in the Eurodollar straight market ground to a halt in the first half of last week until a rush of issues came on Thursday. All had warrants attached.

Investors are finding it hard these days to sort the sheep from the goats when it comes to warrants. By Friday it was clear that the pick had been Sumitomo's warrants. Issued at $25, with the help of a major bear squeeze, they reached $39, before settling back to $35.

On Friday, despite some competitive bidding for deals, the issues slowed to a trickle again. Yamaichi International launched a $20m convertible for Tsugami, the machine tool company. The conversion premium is expected to be set at about 5 per cent. The shares have been fast movers, rising from Y535 at the start of the year to touch Y859. They now stand at Y730. The issue was well received, trading around par.

By the end of the week Eurodollar bonds had made up mid-week losses, thanks to the firmer New York market.

The Euro-Canadian dollar market saw two issues from unusual borrowers. It was Kredietbank's first Eurobond issue, and with its name well-known to the proverbial Belgian dentists it met success, trading on Friday well inside the selling concession. IBJ was the first Japanese borrower in the sector, and with buying demand coming from Japan, the bonds were quoted around par.

Swiss franc bonds gained around ¼ point over the week, and new issue activity hotted up.

The Deutschemark bond market is looking to the U.S. for an interest rate cut to revive buyers' interest. Gains of about ¼ point were made last week, though in low turnover.

The African Development Bank widened its range of borrowings by launching a two-tranche deal in the European Currency Unit market. That market continues to absorb a good number of issues, including some rare floating rate notes last week.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Mitsubishi Metal ¶‡	100	1989	5	7⅞	100	Nikko Secs (Eur), Mitsubishi Fin. Int., Mgn. Grenfell	7.875
Banco di Santo Spirito (d)†‡	100	1991	7	1/16	100	CSFB	–
Lincoln S&L Ass. (b)†‡	100	1996	15	⅛	100	Merrill Lynch	–
BNP (e)†‡	400	1999	15	⅛	100	BNP, CSFB	–
Australian Ind. Dev. φ‡	100	1990	5	11⅞	100	Mgn. Stanley, Salomon	11.875
Sumitomo Trust φ‡	100	1992	7	12⅝	100	Salomon, Sumitomo T&B, Deutsche, Mgn. Guaranty, Mgn. Stanley, SBCI	12.625
Motorola φ‡	75	1994	10	12¼	99¾	Goldman Sachs	12.295
Procter & Gamble (g)φ‡	150	1994	10	10⅞	100	Salomon, Mgn. Guaranty, Goldman Sachs	10.875
Tsugami Corp. §	20	2000	18	(3½)		Yamaichi Int.	*
CANADIAN DOLLARS							
IBJ ‡	85	1991	7	12	100	IBJ Int., Wood Gundy	12.000
KB-IFIMA (Kredietbk) ‡	75	1992	7	12	100	SSCI, Kredietbank, BoA Int., Orion Royal Bk	12.000
AUSTRALIAN DOLLARS							
Citicorp Australia ‡	35	1987	3	12⅝	99¾	Citicorp Int., S. Montagu, BBL	12.730
D-MARKS							
Council of Europe ‡	200	1994	8½	7½	100¼	BHF-Bank	7.464
City of Trondheim **‡	17	1992	8	7⅝	100	Dresdner Bank	7.625
World Bank **‡	200	1991	7	7⅜	100	Bayerische Landesbank	7.375
Sweden **‡	200	1991	7	7¼	99¾	Deutsche Bank	7.297
SWISS FRANCS							
IC Industries ‡	125	1994	–	5⅝	100¼	UBS	5.582
Hitachi Cable **§‡	100	1990	–	2	100	UBS	2.000
Ando Electric **§‡	50	1990	–	2	100	SBC	2.000
Aocalas **‡	11.5	1988	–	6¼	100	CS	8.250
SWISS FRANCS							
Tobishima Corp. **¶	60	1989	–	(4)	100	Citicorp Bk (Switz)	*
Generale Occidentale §	80	1994	–	(4½)	*	Soditic	*
Sumitomo Realty & Dev. **§	138	1990	–	(2¼)	*	CS	*
New Sth Wales Treasury	110 min.	1994	–	(5½)	*	CS	*
New Zealand Steel (f)	60 min.	1996	–	(⅞)	*	Bqe Gutzwiller K.B.	*
Ind. Fund of Finland	40	1994	–	*	*	Bqe Gutzwiller K.B., Nordfinanz-Bank	*
S.A. Transport **‡	88	1990	–	6⅞	89¾	UBS	6.427
Tokyo Elec. Power **‡	200	1990	–	5½	100	CS	5.500
STERLING							
Grand Met. Int. Fin. ‡	50	1990	6	10⅞	100	S.G. Warburg, Mgn. Stanley	10.075
BAT Int. Fin. ‡	100	1991	7	10¾	99¾	S.G. Warburg	10.803
GUILDERS							
ENEL	100	1995	8	(8)	*	AmRo	*
Westland-Utrecht Hypobk **‡	50	1989	5	7½	99½	AmRo	7.624
ECUs							
EEC ‡	50	1990	5	10⅛	100	AmRo, ABN	10.125
Sparekassen SDS ‡	42	1991	7	10½	100¼	Soc. Generale, Kredietbank Int.	10.448
Banco di Napoli **(c)†‡	30	1989	5	3/16	100	Italian Int. Bank	–
Renfe (a)†‡	46.5	1994	10	¼	100	Bank of Tokyo Int., Bqe Indosuez	–
African Dev. Bank ‡	40	1989	5	10⅜	100	Cr. Lyonnais, Soc. Gen. de Banque	10.375
African Dev. Bank ‡	35	1991	7	10⅝	100	Cr. Lyonnais, Soc. Gen. de Banque	10.625
LUX. FRANCS							
PKbanken **‡	250	1989	5	10¾	100	Kredietbank Int.	10.750
NORWEGIAN KRONE							
Norsk Data ‡	200	1989	5	10¾	100¼	Den norske Creditbk	10.683
YEN							
Asian Dev. Bank ‡	25bn	1999	12.3	7	99.55	Yamaichi Secs.	7.050

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating-rate note. φ With debt warrants. ¶ With equity warrants. (a) ¼ over 6-month Libor. (b) ⅛ over 6-month Libor. (c) 3/16 over 6-month Libor. (d) 1/16 over 6-month Libor. (e) ⅛ over 6-month Libean. (f) Spread over average yield on Swiss Confederation bonds with maturities of 5-years or more; refixed after six-years. (g) Coupon reset after 3-years. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS

U.S. MONEY AND CREDIT

Renewed uncertainty over Fed policy

U.S. BOND prices see-sawed last week as the markets were swept by successive waves of shifting investor and dealer perceptions about the immediate interest rate outlook and the Federal Reserve Board's monetary policy.

After the Veterans' Day holiday on Monday, prices were marked sharply lower at the start of the week's trading, reflecting the weight of new paper left over from the Treasury quarterly refunding still on dealers' shelves. In addition to uncertainty about the Fed's current policy stance and in particular, whether the easing apparently under way will lead to a discount rate cut, there was fresh concern over the Federal budget deficit.

The President's post-election planning sessions brought mostly bad news for the credit markets. Among the negatives were reports that the administration has raised its deficit forecasts to about $210bn for the next fiscal year and higher in subsequent years. This, coupled with the President's apparent unwillingness to support tax increases, worried the markets which are once again beginning to believe nothing much will be done to correct the imbalance.

The renewed attention being given to the deficit problem also highlighted the Fed's current dilemma. On the one hand, concern about the slowdown in economic growth and the slow growth of the monetary aggregates argues for a further easing. On the other hand, a discount rate cut would mark a major shift in policy at a time when the Fed probably is seeking to maintain the pressure on others to do something about the deficit.

That dilemma shows signs of becoming still more acute. The statistics published last week tended to confirm a steady slowing in economic growth. Another batch of figures this week will help fill in the picture. They include October housing starts tomorrow and an unexpected downward revision in the third quarter GNP estimate, together with corporate profit and consumer price figures on Wednesday.

Wall Street continues to swing wildly in its perceptions of where immediate Fed policy is heading. After starting out with a bearish tone, the credit markets reversed direction on Thursday.

The turnround reflected a round of moves by the Fed to add reserves, beginning on Wednesday and including system repurchase agreements on Thursday. At the same time the latest monetary statistics suggested further pressure on the Fed to ease.

The $2.7bn increase in M1 still left the key money measure close to the bottom end of its target range and way below its interim September to December target path. Likewise the broader M2 and M3 figures held low surprises.

In the meantime the latest weekly banking statistics revealed that discount window borrowings in the first of the latest two-week statement period fell sharply to $407m. For some Wall Street economists, this suggested a further slight easing and a Fed borrowing target of perhaps $500m—consistent with a funds rate of around 9.25 per cent.

In fact the funds rate remained stubbornly over the 9.5 per cent level last week while other short-term rates continued to edge slightly lower. The high funds rate was interpreted by many economists as reflection seasonal factors—and, perhaps, banks' concern to avoid other longer forms of borrowing in the hope of lower short-term rates.

At the close, Government bond prices were unchanged to slightly lower on the week, having failed to maintain higher levels on Friday as disappointment about the lack of an early discount rate cut set in. The new 11⅝ Treasury long bond closed ⅛ point lower at the week at 100½.

The market's appetite for new Treasury paper will be tested again this week with the biggest ever sale of two-year paper, of which $9bn will be auctioned on Wednesday ahead of the Thursday Thanksgiving Day holiday, which will close the markets again. Last week the Treasury also announced the second sale of its new specially registered notes aimed at foreign investors. The Treasury will offer $1bn of four-year specially targeted notes together with a $6.75bn offering of domestic paper on November 28.

In the corporate markets prices were little changed last week which saw $4.41bn of straight debt issued including more than $3.2bn of zero-coupon mortgage related debt. The bulk of the zero coupon paper was offered by Franklin Saving Association.

Other corporate offerings included a $100m issue of 11¾ per cent seven-year notes from CIT Finance which sold at par, a $100m issue of five-year 12 per cent notes from Ford Motor and $100m from Union Bancorp and Wachovia Corp.

Paul Taylor

U.S. MONEY MARKET RATES (%)

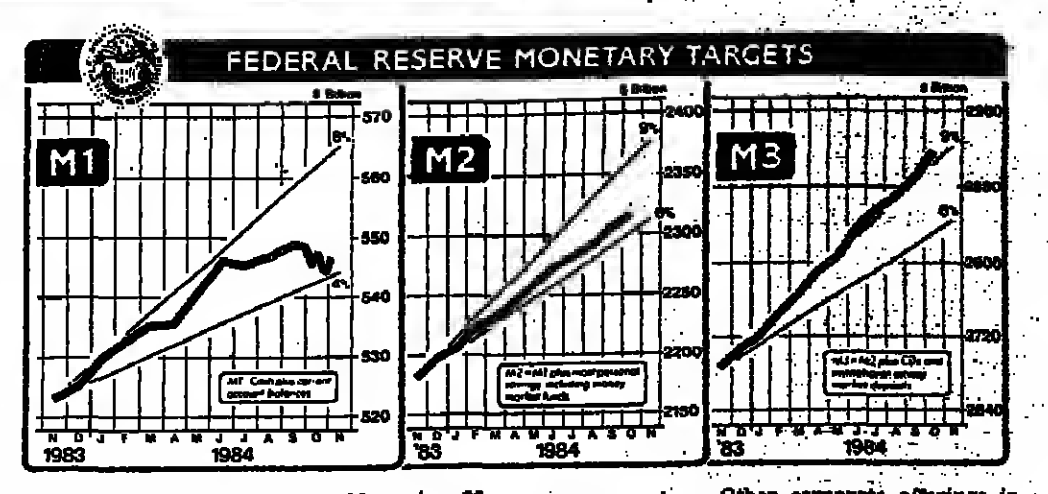
	Last Friday	1 week ago	4 wks ago	12-month High	Low
Fed Funds (weekly average)	8.66	9.63	10.20	11.77	8.11
Three-month Treasury bills	8.58	8.64	8.84	10.77	8.01
Six-month Treasury bills	8.84	8.90	8.38	10.93	8.83
Three-month prime CDs	9.38	9.36	10.03	11.90	9.30
30-day Commercial Paper	8.10	9.10	9.80	11.38	8.96
90-day Commercial Paper	8.10	9.10	9.80	11.40	9.00

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	103	+⅛	11.61	11.64	(new)
20-year Treasury	98¼	−⅛	11.79	11.74	(new)
30-year Treasury	100⅛	−⅛	11.67	11.56	(new)
New "AA" Financial	N/A	—	12.32	12.38	10.63
New "AA" Long utility	N/A	—	12.93	12.63	12.76
New "AA" Long industrial	N/A	—	12.75	12.75	12.75

Source: Salomon Bros (estimates).

Money Supply: In the week ended November 5 M1 rose by $2.7bn to $546.7bn. In October M2 increased by $11.3bn to $2,317bn and M3 rose by $25.7bn to $2,916bn.



UK GILTS

Autumn Statement fails to excite

IT's CALLED waiting for BT. At the beginning of last week the authorities were clearly concerned to stop the gilt-edged market rising too fast ahead of this week's British Telecom sale.

At the end, Mr Nigel Lawson, the Chancellor of the Exchequer, was reminding it that the prospect of a ½ point cut in base lending rates provided a firm floor for the present price structure.

The Autumn Statement on next year's spending plans barely stirred the market, in spite of the suspicion of most City economists that the apparent "fudges" on spending and revenues could be storing up trouble for the 1985-86 borrowing target.

The net result was that gilt edged prices gained ½ point or so, but remained stuck just below the best levels of the year.

And by Friday evening few brokers were predicting exciting things to come this week, when the overriding pre-occupation seems certain to be the BT sale.

On the plus side, the market is convinced that the authorities will deliver the promised cut in base rates. A ½ point reduction is already partially discounted in present prices, but nonetheless could provide renewed impetus to the market, many brokers believe.

The timing of the cut, however, is difficult to judge. The Bank of England appears anxious to delay it until BT applications are well under way, if not completed.

On the other hand, there are some doubts over whether it will be able to continue eliminating the huge shortages in the money markets for more than the next day or so without cutting its dealing rates and signalling an immediate base rate cut.

The optimists in the market also expect any further crumbling of the miners' strike to provide a boost to gilts by reinforcing sentiment that inflation will remain under control.

Against that, brokers will be looking closely at how much cash the institutions may take out of gilts to pay for BT shares, although dividend payments of £800m over the next week should offset some of the squeeze on liquidity.

Another uncertainty is the trend in interest rates in the U.S., where forecasts of yet higher budget deficits have dampened some of the optimism about falling interest rates.

The result, according to Mr Keith Jones of brokers James Capel, is that the gilt market may be in for a period of consolidation, with prices holding fairly close to current levels.

It is a view shared by Mr Stephen Lewis of Phillips and Drew. "The market may do quite well and then boil over," he says, but any fall is likely to be limited.

A footnote on the Autumn Statement: In line with established tradition, the Chancellor said nothing new about next year's monetary targets. Instead the assumption is that the growth rates for the money supply laid down in the medium-term financial strategy will apply.

That would mean a cut in the target range for sterling M3 to 5-9 per cent from the present 6-10 per cent, and for M0 to 3-7 per cent from 4-8 per cent.

But Mr Lawson has raised his forecast of nominal GDP growth next year to 8 per cent compared to an expected 7 per cent in 1984.

Unless he knows something about the velocity of money that no-one else does, next year's targets would thus imply a significantly tighter monetary policy.

Or will he maintain the now time-honoured practice of deciding on budget day that the targets should be left unchanged from the previous year—or even increased?

Philip Stephens

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Aegon Insur. 11¾ 91	[illegible]	[illegible]	[illegible]	[illegible]
AHFG O/S Fin. 11¾ 94	[illegible]	[illegible]	[illegible]	[illegible]
All Nippon Air 14 94	[illegible]	[illegible]	[illegible]	[illegible]
Amer. Saving 12 89	[illegible]	[illegible]	[illegible]	[illegible]
Amer. Saving 12½ 89	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bk. 11⅜ 93	[illegible]	[illegible]	[illegible]	[illegible]
Australia 11¾ 90	[illegible]	[illegible]	[illegible]	[illegible]
Australia 11⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]
Australia 11⅝ 96	[illegible]	[illegible]	[illegible]	[illegible]
AIDC 11 89	[illegible]	[illegible]	[illegible]	[illegible]
Austria 13⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]
Oester. Post. 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Bk. America 12 87	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Nova Scotia 13⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 11¾ 89	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 13⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial O/S 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Br. Col. Hydro 11½ 91	[illegible]	[illegible]	[illegible]	[illegible]
Br. Col. Hydro 12⅞ 14	[illegible]	[illegible]	[illegible]	[illegible]
Br. Col. Hydro 12¾ 13	[illegible]	[illegible]	[illegible]	[illegible]
Britoil Fin. 11⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 12⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]
Canada 10⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Casio Computer 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 10 96	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 10⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 11½ 88	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 11⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 11⅝ 99	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 14 92	[illegible]	[illegible]	[illegible]	[illegible]
CNCA 13⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]
Coastal Int. 12⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]
Comp. Bancaire 13⅜ 90	[illegible]	[illegible]	[illegible]	[illegible]
Comalco 12⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 13⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]
Daiichi Kangyo 12⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]
Dart & Kraft 7⅞ 98	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 12⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 13⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 14 91	[illegible]	[illegible]	[illegible]	[illegible]
Den Norsk Cr. 11⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]
Den Norsk Cr. 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Dutch St. Mines 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
EBCO Intl. 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Eksportfinans 13⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 12⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
EEC 10⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]
EEC 11 87	[illegible]	[illegible]	[illegible]	[illegible]
EEC 11 95	[illegible]	[illegible]	[illegible]	[illegible]
EEC 12 93	[illegible]	[illegible]	[illegible]	[illegible]
Euro. Inv. Bk. 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Euro. Inv. Bk. 11⅝ 99	[illegible]	[illegible]	[illegible]	[illegible]
Euro. Inv. Bk. 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Euro. Inv. Bk. 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Euro. Inv. Bk. 12⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
EDC 11⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]
Export & Import 13⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]
Farm Cred. Cpn. 11⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]
Firstfed Mich. 13⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Florida Fed. 12⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]
G. E. Credit 0 96	[illegible]	[illegible]	[illegible]	[illegible]
General Elec. 0 91	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Cred. 11 91	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Cred. 11 94	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Motors Ac. 11⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Motors Ac. 11⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Motors Ac. 12⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Motors Ac. 13 86	[illegible]	[illegible]	[illegible]	[illegible]
GZB 14 91	[illegible]	[illegible]	[illegible]	[illegible]
Giro Vienna 13⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]
GTE Finance 12 96	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Oil 10⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Oil 12⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]
Gulf & Western 12⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]
Holl. Air. Fin. 12⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
IBM Credit 13⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]
IBM 12⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]
IG Industries 11⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Japan 11⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Japan 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Japan 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Japan 13⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
IADB 12⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Int. Bk. Rc. Dv. 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Int. Bk. Rc. Dv. 11⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]
Int. Bk. Rc. Dv. 12⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Int. Paper 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Int. Stand. Elec. 12 94	[illegible]	[illegible]	[illegible]	[illegible]
Int. Stand. Elec. 12 96	[illegible]	[illegible]	[illegible]	[illegible]
III 12 89	[illegible]	[illegible]	[illegible]	[illegible]
Itoh 7⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]
ITT 11⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines 12⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 11⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]
Kyowa Fin. HK 12⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Lac Minerals 8 88	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Cred 10⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Cred 11 90	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Crd. 11⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Crd. 12⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Crd. 12⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Macy R. H. 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
McDonalds Fin. 11⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Metro. Tokyo 12⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]
Minebea 6⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi 5⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Cp. 12⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui Eng. 7⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui Tst. Fin. 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Montreal Urban 12 93	[illegible]	[illegible]	[illegible]	[illegible]
Mtge. Guaranty 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Mount Isa Fin. 13⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Gasunie 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Gasunie 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland 13 91	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Cred. Bk. 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Crd. Bk. 12⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Mining 6⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. Tel. 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel Tel 13⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]
Nomura 6⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 11 90	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia 11⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Ohbayashi-Gumi 7⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 11⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Pacific Gas & El. 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Penney J. C. 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Penney J. C. 12⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Phillips Petrol 14 89	[illegible]	[illegible]	[illegible]	[illegible]
Post-Och Kred. 12 90	[illegible]	[illegible]	[illegible]	[illegible]
Post-Och Kred. 13⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]
Prudential Ins. 12⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 12⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 13 13	[illegible]	[illegible]	[illegible]	[illegible]
RTZ 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Rockefeller 13⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]
RBC 11⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk. Scot. 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk. Scot. 11⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]
Rural Bk. Aust. 12 91	[illegible]	[illegible]	[illegible]	[illegible]
Sanwa Int. Fin. 12⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Scot. Intl. Fin. 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Sears O/S Fin. 0	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 11⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 11⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck 11⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 11⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 11⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 12 93	[illegible]	[illegible]	[illegible]	[illegible]
Seino Trans. 6⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Shearson/Amex 12⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 11⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 12 89	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 13⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Fin. 13⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 12⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Export 11⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]
Taiyo Kobe 12 90	[illegible]	[illegible]	[illegible]	[illegible]
Texaco 10⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]
Texaco 10¼ 93	200	89⅞	+0⅛	11.63
Texaco Capital 13½ 89	200	104	+0⅛	12.28
Texas Instr. 11⅞ 91	150	95¼	−0⅛	12.28
Tokai Asia 12⅛ 91	100	99¼	+0½	12.37
Tokyo Electric 6½ 89	70	91	0	9.08
Tokyo Electric 13⅝ 89	100	103⅞	−1½	12.20
Toronto-Dom. 12⅛ 89	50	100⅝	+1½	12.34
UBS 12¼ 91	100	103⅝	−0⅛	11.40
Veba 8 93	70	113⅛	+0⅛	0.07
Warner-Lambert 10¼ 90	100	94⅛	+1	11.73
West LB 11⅞ 90	100	97⅝	0	12.50
Weyerhaeuser 11½ 90	00	96½	+1½	12.36
Yasuda Trust 12⅛ 89	100	99½	0	12.48

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
Allied Irish ⅛ 92	100	100¼	0	11⅝
Allied Irish ⅛ 95	100	99⅝	−0½	12 5/16
Arab Bank Gpn. ⅛ 96	100	99⅝	−0¼	12⅛
Oster. Lnbk. ⅛ 99	100	99⅞	+0⅛	11 11/16
BAII ⅛ 91	50	88⅝	−0⅛	12
Banca Lavoro ⅛ 01	100	96⅝	−0½	10 5/16
Banca Naz O.A. ⅛ 91	75	100	+0¼	12⅛
Banco Napoli ⅛ 95	100	100½	0	10 5/16
Banco di Roma ⅛ 90	75	100¼	+0⅛	12 5/16
Banco Hispano ⅛ 95	100	99⅝	−0½	11 5/16
BCGI ⅛ 90	50	89⅞	0	12⅛
Bankers Tr. NY. ⅛ 96	200	100	−0⅛	9⅞
Bank of Helsinki ⅛ 99	50	98¼	−0⅛	11 11/16
Bank of Greece ⅛ 94	150	87⅞	−0⅛	11 11/16
Bank Montreal ⅛ 96	250	100¼	0	10⅛
Bank of New York ⅛ 96	75	99¼	−0⅛	11⅝
Bqe. Dev. Econ. ⅛ 90	60	87	+0⅛	12 11/16
Bqe. l'Indosuez ⅛ 99	150	100½	−0⅛	12⅛
Bqe. Nat. Paris ⅛ 88	400	100⅞	0	12⅛
Bqe. Nat. Paris ⅛ 95	400	100⅛	0	12⅛
Barclays O/S ⅛ 04	350	100⅛	0	12⅜
BBL ⅛ 89	100	99⅝	−0⅛	11 11/16
Belgium ⅛ 94 £	100	100	0	10 7/16
Belgium ⅛ 04	400	100¼	−0⅛	13½
BFG Finance ⅛ 96	100	99⅝	0	12½
Credit Commerce ⅛ 88	125	100⅝	−0⅛	12
CEPME ⅛ 89	145	89⅛	0	12 5/16
CEPME ⅛ 96 £	100	99½	−0⅛	11⅜
Citicorp O/S ⅛ 81 £	100	99¼	0	10 7/16
Caisse Nat. Tel. ⅛ 90	275	100½	−0⅛	11⅝
Caisse Nat. Tel. ⅛ 81	250	100½	+0⅛	10⅛
Commerzbank ⅛ 89	100	99½	−0⅛	11 5/16
Creditanstalt ⅛ 94	125	100⅛	−0⅛	13 1/16
Creditanstalt ⅛ 96	150	100	0	12 5/16
Credit Commerc. ⅛ 96	250	100½	0	12⅛
Credit Foncier ⅛ 93	500	100⅞	+0⅛	12
Credit Lyonn. ⅛ 96	300	100⅛	−0½	12⅛
Credit Lyonnais ½ 96	250	100¼	0	12⅛
Credit National ⅛ 95 £	100	99⅝	−0⅛	11
Dai-Ichi Kangyo ⅛ 88	150	89⅞	0	10 1/16
Dansk Olie ⅛ 99	100	99⅞	0	10 5/16
Denmark ½ 89 £	100	100	0	10 15/16
Denmark 5/16 90	500	100⅝	0	11½
Denmark 3/16 04	500	100⅛	0	10½
Denmark ⅛	800	100⅛	−0⅛	12½
Dresdner Bank ⅛ 93	400	100½	+0⅛	11½
Dresdner Bank 0 89	350	99⅝	−0⅛	12
EAB Finance ⅛ 93	75	99¾	0	12⅛
Eldorado Nuka 0 89	100	100¼	−0⅛	12 5/16
Elec. de France ½ 99	400	100⅛	0	12⅛
ENEL ⅛ 93 £	100	96	−0⅞	11⅛
Equitable O/S ⅛ 94	50	98¼	0	11⅜
Exterior Intl. ⅛ 96	125	99⅝	−0⅛	10 11/16
Ferro. del. Stat. ⅛ 99	250	100⅛	−0⅛	12½
Fiat Finance ⅛ 94	100	98½	0	12
First Aust. Bk. ½ 92	50	99¾	−0⅛	12 5/16
First Interstate ⅛ 95	150	99⅝	0	12⅛
Fuji Bk. ½ 96	200	100½	0	12⅛
Genfinance ½ 94	100	100½	0	12⅞
GZB ⅛ 96	50	100	0	12 5/16
Gotabanken ⅛ 94	50	99½	0	10⅛
GW O/S Fin. ⅛ 94	100	98½	−0⅛	12
Grindlays ⅛ 94	100	100⅛	0	12½
Indonesia ⅛ 93	250	89	0	12
INI Perpet. 3/16 00	150	99⅞	0	11 13/16
Interfirst Tex ½ 89	100	95½	0	9⅞
Int Bk Rec Dev 11/32 89	250	98⅞	0	11⅛
Ireland ⅛ 93 £	50	100	0	10 5/16
Ireland 3/16 94	300	100	−0⅛	13⅛
Italian Intl. ⅛ 91	60	96⅞	0	13
Italy ⅛ 96	500	100⅛	0	12⅛
Kansallis-Osak ⅛ 92	100	100⅛	0	12½
Kleinwort Ben. ⅛ 95	100	100⅛	−0⅛	12 5/32
Kone Corp. ⅛ 94	50	99⅝	0	12 5/16
Korea Exch. Bk. ⅛ 93	50	99⅝	0	12⅛
Lloyds Eurofin ⅛ 92	100	100⅛	+0⅛	12⅛
Lloyds Eurofin ⅛ 93	200	100½	0	10 13/16
Lloyds Bank ⅛ 04	250	99⅞	+0⅛	11½
Malaysia ⅛ 93	850	100¼	−0⅛	12 5/16
Megal Fin. 3/16 94 GU	100	100⅛	+0⅛	9 15/16
Midland Intl. ⅛ 88	125	100⅛	0	12⅛
Midland Intl. 0 81	150	100⅛	+0½	11
Midland Intl. ½ 99	200	100½	0	12⅛
Minebea 0 85	100	0		
Mitsui Fin. ⅛ 90	100	100⅛	0	12 5/16
Montreal Urban 0 91	150	100⅛	+1⅛	12 5/16
Morgan Grenfell ⅛ 94	50	99⅝	0	13 5/16
Mtge Bk Denmark ⅛ 93	150	100⅛	0	12 11/16
Mtg Bk Dnmrk 3/16 94 £	50	100	0	10⅛
Mtge Bk Denmark ⅛ 98	125	100	0	11½
Nat. Bk. Canada ⅛ 01	50	100	0	13⅛
Nat. Bk. Canada ½ 91	50	100⅛	0	13 5/16
Nat. West. Fin. ⅛	365	100⅛	0	10⅝
Neste Oy ⅛ 94	100	100⅛	−0⅛	12⅛
Oko Bank ⅛ 92	50	99¾	+0⅛	12⅛
Pirelli Fin. ⅛ 94	50	97⅝	−0⅛	12⅛
Portugal ⅛ 92	100	98⅛	+0⅛	12
Premier Grp. ⅛ 89	50	0		
Quebec Hydro ⅛ 94	200	100⅝	0	12⅞
Queensld. Coal ⅛ 96	355	100⅛	0	10 5/16
Queensld. Coal ⅛ 85	46	100¼	−0⅛	10 5/16
Renie ⅛ 91	100	100⅞	−0⅛	12⅛
Saitama Intl. ⅛ 93	00	100⅛	−0⅛	12 11/16
Sanwa Intl. ⅛ 92	150	100⅛	0	12⅛
Sanwa Bk. ½ 04	150	100¼	−0⅛	12⅞
Scandivia. Fin. ½ 93	70	98⅞	+0⅛	12 5/16
SEAT ⅛ 93	100	98	−0⅛	12⅛
Saiyu Stores 3/16 88	50	0		
Skopbank ⅛ 94	75	99½	0	13
SNGF ⅛ 93 £	75	100⅛	−0⅛	10 11/16
Soc. Generale ⅛ 94	250	100⅛	0	12 5/16
South Africa 3/16 88	75	0		
Spain ⅛ 97	250	100	−0⅛	12⅛
Standard Chart. ⅛ 92 £	50	0		
Standard Chart. ⅛ 94	200	100½	0	13
Sumitomo Tst. ⅛ 94	100	100¼	−0⅛	12 7/16
Sweden ⅛ 03	1bn	100⅛	0	12 5/16
Sweden ½ 24	500	99¾	+0⅛	11 11/16
Sweden ½	750	100⅛	0	13⅛
Taiyo Kobe F. ⅛ 04	100	99⅞	0	12 7/16
Thailand ⅛ 00	85	100	0	12 11/16
Tokai Asia ⅛ 89	150	100⅛	−0⅛	12½
Toyo Tst. Asia ⅛ 89	100	100⅛	−0⅛	12⅛
TVO Power ⅛ 04	100	98½	0	10 5/16
Union Bank-Norw. ⅛ 90	50	97½	−1	12 5/16
Vizcaya Intl. ⅛ 96	75	100⅛	+0⅛	10½
Wells Fargo 3/16 98	50	99½	0	10⅛
Yokohama Asia ⅛ 94	100	100	−0⅛	11⅛
Yorkshire Intl. ⅛ 94 £	75	99¾	0	11 5/16

CONVERTIBLE BONDS	Issued	Price	Chg. on week	Prem.
Ajinomoto 3 99	120	99⅝	+0⅛	
BAG Brown Bov 4¼ 95	67	88½	−0⅛	3.68
Comsat Intntl. 7⅞ 98	110	74½	+1	54.94
Daiwa Secs. 5½ 98	50	116⅝	−0¼	−0.31
Dev. Bk. Sing. 5½ 96	70	90	0	12.50
Eldars 11½ 94	150	109½	+0⅛	2.46
Elektrowatt 5 96	52	78	−1⅛	2.39
Fanue 3¾ 98	80	163¼	+9¾	0.88
Fujitsu 3 89	150	103¼	+0⅛	4.06
Inisec. Inc. 3 99	50	84⅛	+0½	−1.10
Konishiroku 4 98	50	94⅞	+1½	3.62
Man. Hanover 11½ 99	100	95⅝	+0⅛	
Mitsubishi N. 4½ 98	100	93	−0⅛	3.24
Moet-Hennessy 7 99	50	102⅛	−0½	5.82
Murata Mfg. 3½ 90	100	109⅛	−0⅛	0.33
Murata Mfg. 3½ 00	100	107⅝	+0½	1.18
Nippon Oil 3½ 99	50	90⅛	+2⅛	8.31
Ono Phrm. 3⅛ 89	90	114½	−7⅞	−9.67
Sakiaui 3 90	50	91⅛	+0⅛	1.23
Soc. Gen. Surv. 4½ 94	51	85	−2	137.20
Sumitomo Corp. 2⅞ 89	70	96⅝	−0⅛	2.44
Texaco Capital 11⅞ 94	1bn	99½	+0⅛	45.26
Texaco Capital 11⅞ 94	500	96¼	+0⅛	43.43
Usair Finance 7 98	50	98¼	+1½	7.62
Yamanouchi 4 90	50	128½	+2½	0.28

YEN STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev. Bk. 7⅛ 94	15	98⅞	−0⅛	7.39
IADB 7⅝ 93	15	102	−1⅛	7.66
New Zealand 7⅛ 90	15	98¼	−0⅛	7.28
World Bank 7 94	20	97⅞	−1⅛	7.31
World Bank 7⅛ 93	20	101	−1½	7.47

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
Eur. Coal & Steel 10⅞ 94	1	101½	+1⅛	10.19
Euro. Inv. Bk. 10⅞ 94	1	101½	+1½	10.22
Int. Bk. Rc. Dv. 10⅞ 89	1	102	+0⅛	5.66

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
Aegon Insur. 8¼ 89	100	102	0	7.41
ABN 8 89	200	103⅞	+0⅛	7.22
Amro Bank 8 89	200	102	+0⅛	7.43
Amro Bank 8½ 88	100	104⅛	+0⅛	7.34
Bk. Mees & Hope 8¼ 88	100	102⅝	+0⅛	7.49
Beatrice Foods 8¼ 89	100	101⅛	0	7.77
C. G. Rabo 8 88	150	102⅝	+0⅛	7.40
C. C. Rabo 8 89	100	105	+0⅛	7.82
Denmark 8½ 91	100	111	0	5.08
Int. Bk. Rec. Dv. 8¼ 89	150	102½	+0⅛	7.55
Int. Stand. Elec. 8½ 89	100	103	0	7.63
Ned. Midd. Bank 9 88	100	105⅝	+0⅛	7.38
New Zealand 8¼ 89	100	103	+0⅛	7.46

CANADIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Bqe l'Indosuez 14 91	75	98½	+0⅛	12.28
Br Col Munic 13⅛ 01	100	104⅛	+0⅛	12.97
Br Col. Prov 12 93	100	103⅛	+0⅛	12.67
Br Col Tele 12⅝ 89	70	99	0	12.62
Farm Cred Corp 12⅝ 90	75	104⅝	+0⅛	11.24
Int. Bk Rec Dev 12⅛ 90	75	104⅛	+0⅛	11.21
Montreal City 12⅛ 91	70	101	+0⅛	12.23
Quebec Hydro 14 91	75	105¼	+0⅞	12.62

ECU STRAIGHTS	Issued	Price	Chg. on week	Yield
Australia & NZ 10⅝ 91	50	100¼	+0⅛	10.67
Oesterreich 10⅝ 93	100	103⅛	+1⅛	10.02
Cred National 11½ 91	50	107	+0⅛	9.80
Denmark 10⅝ 91	75	101⅛	+0⅛	10.33
Ebco Intnl 10⅞ 89	55	101½	+0⅛	10.32
EEC 10½ 91	80	100½	+1⅛	10.36
EEC 11 93	50	104⅛	+0⅛	8.89
EEC 11¼ 91	60	104⅞	−0⅛	10.17
EEC 11⅝ 93	70	108⅞	+1½	10.03
Eur Coal & Steel 8 94	60	99⅛	−0⅛	11.07
Euro Invest Bk 10⅝ 89	60	104⅛	0	8.32
Euro Invest Bk 10⅞ 94	100	103½	+0⅛	10.01
Euro Invest Bk 11⅛ 92	75	105⅛	−0⅛	10.01
Euro Invest Bk 11⅛ 93	50	105⅛	−0½	10.12
Euro Invest Bk 11⅛ 90	50	103⅛	+0½	10.65
Gen Finance 11 90	70	103⅝	−0⅛	10.14
Gta Finance 10⅞ 92	50	102⅛	+1⅛	10.40
Int Bk Rec Dv 10⅞ 88	100	103⅛	−0⅛	8.61
Int Bk Rec Dv 11 93	50	104⅛	−0⅛	9.92
Italian Treas 11½ 90	60	102⅛	+0⅛	10.84
Megal Finance 11⅛ 94	100	100⅝	+0⅛	11.09
Nippon Cred Bk 11 81	50	102⅛	+0⅛	10.43
Nordic Inv Bk 8 94	50	96⅛	−0⅛	11.38
Post Och Kred 10⅞ 92	50	98⅛	0	11.13
Royal Bk Can 10½ 89	85	102⅛	0	9.84
SNGI 10⅞ 94	60	102⅛	0	10.47
Swedish Export 11 89	58	105½	−0⅛	9.38
WestLB 10⅞ 91	50	104⅛	−0⅛	8.83

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AIDG 12⅛ 90	42	96⅛	0	13.08
Nat Aust Bk 12½ 88	40	97⅞	0	13.11
PIBA 13⅛ 89	40	101⅞	0	12.89
PIBA 12⅛ 89	50	97⅛	0	13.15
State Bk NSW 12⅛ 89	40	98½	+0⅛	12.66

STERLING STRAIGHTS	Issued	Price	Chg. on week	Yield
Europarat 11⅛ 92	60	99⅛	+0⅛	11.38
Denmark 10⅝ 89	75	98⅞	+0⅛	11.05
EEC 11⅜ 94	50	101½	+1	11.11
EEC 11⅞ 93	50	103⅛	+0½	11.25
Euro Invest Bk 10⅝ 92	75	97⅛	+0⅛	11.30
FFI 10⅝ 93	50	97⅝	+0⅛	11.13
Finland 11½ 88	60	102⅞	+0⅛	10.89
I.A.D.B. 11⅜ 81	60	100⅛	+0⅛	11.31
Int Bk Rec Dev 10⅝ 89	100	98⅛	0	10.96
Int Stand Elec 11⅛ 89	50	100½	0	10.94
Inv In Indust 10½ 91	50	95½	0	11.54
Inv In Indust 11⅛ 91	50	102½	+1½	10.97
Ireland 11⅛ 94	50	97⅛	+0⅞	11.73
New Zealand 10⅝ 89	100	98⅛	+0⅛	11.14
SNCF 11⅛ 94	60	100	+0⅛	11.23
United Biscuit 8⅞ 89	25	0		

EQUITY WARRANTS	Expiry date	Price	Chg. on week	Prem.
Basf Overzee	29/2/88	64	−5½	116.16
Bayer Int DM	1/7/87	86	−1⅛	114.05
Ciba-Geigy Int £	1/11/93	185	−3	111.63
Commerzbank DM	30/6/88	0		
Com Fin Deut DM	31/5/87	143	−8	66.84
C. Itoh	20/1/87	37⅛	+⅛	
C. Itoh DM	4/6/89	11⅛	0	429.91
Credit Suisse	31/5/88	21	+⅛	96.08
Dart & Kraft	30/11/98	0		
Degussa Int DM	2/5/93	188½	0	131.74
Deutsche Bank DM	18/6/91	152	+3½	128.35
Dresdner Fin DM	28/6/90	0		
Hoechst DM	1/2/93	87½	−4½	112.27
ICI Finance	1/6/90	230	−10	
IG Industries	15/6/88	10⅛	+1⅛	223.96
Int Pirelli	14/6/88	14½	0	117.04
Minebea Co	20/2/89	26⅛	+4⅛	
Mitsubishi Gh	20/1/87	19⅛	−0⅛	
Mitsubishi Gp	7/11/88	15⅛	+⅛	819.92
Mitsui	10/12/87	18	0	
National Ned	15/6/88	0		
Nippon Mining	17/3/89	79⅛	−⅛	
Nomura Sec	31/10/88	23⅛	+2⅛	854.30
Philips Gloeil	15/7/88	18	−1½	204.97
Prudential O/S	15/12/88	95	0	308.00
Redland Fin	10/3/91	0		
Ricoh £	22/3/89		0	
Schering DM	12/9/90	130	−8	120.06
Seagram Comp	19/9/88	11½	0	104.93
Seiyu Stores	20/3/87	55	0	
Siemens Wam DM	31/5/90	237½	+3	108.19
Sumitomo Cons	24/3/89	42	+⅛	
Sumitomo Heavy	24/2/89	13½	+1	
Swiss Bk Corp	20/12/88	28	+6	115.37
Tokyo Elec Pwr	14/3/89	13⅛	+⅛	387.05
Toray Ind	6/3/87	11½	+⅛	782.10
United Biscuits £	31/3/89	0		
Veba Int	10/12/93	67⅛	+1⅛	133.36

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex. yield
Aegon Ins 11⅛ 81	14/2/88	16⅛	+½	8.07
CCCE 11½ 99	15/12/84	1	0	11.42
CEPME 10 93	4/3/85	1	0	12.37
Commerzbk 11⅛ 89	17/7/88	24⅛	+2⅛	6.34
Creditanstalt 14 01	31/7/89	64	+½	8.47
Denmark 11½ 93	15/12/88	40½	+20	0.67
D. Norsk Cr 11⅛ 91	1/2/88	12⅛	−1½	10.11
Dv Bk Sing 14⅛ 89	12/9/88	54⅛	+5½	1.83
Du Pont 13⅛ 89	25/8/88	47⅛	+2⅞	1.84
Eksportfinas 13⅛ 89	15/8/87	45⅛	−1⅛	2.77
G Elec Cred 11 94	17/12/89	1	0	11.03
Gen Elec 12½ 91	7/8/87	44½	+⅞	4.93
N'ashold Fin 11⅛ 90	1/12/85	9½	0	9.48
IBM Credit 13 87	10/8/85	40⅛	+3⅞	−2.19
Inv In Inds 10½ 91	1/12/88	64	0	0.81
ITT 11½ 89	30/11/84	1	−½	11.46
M. Hanover 13⅛ 87	1/9/86	22⅛	+1⅛	4.23
McDonalds F 11⅛ 84	5/1/89	29⅛	+1⅞	8.74
Morgan J.P. 10⅛ 90	16/8/87	18⅛	+4⅛	8.02
Nordic Inv Bk 11 90	16/11/87	16⅛	+⅛	9.55
Oester Lnbk 13½ 89	8/8/87	45⅛	−3⅛	1.81
Penney J.C. 10⅞ 90	10/10/87	17	+1⅞	7.07
Post-O Kred 11⅛ 90	15/11/87	12⅛	−2	9.15
Ryl B Scot 11⅛ 93	15/11/88	21½	−½	8.57
Sears O/S Fin B 90	14/5/88	0		
Std Chart 11½ 94	5/1/85	2	+⅛	11.13
Texaco 10½ 93	15/11/87	15½	−⅛	8.98
Weyerhaeuser 11 90	15/11/87	17⅛	−4⅛	7.90
Xerox 13⅛ 87	15/8/85	25⅞	0	2.39

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: U.S. dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon.

CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on November 16

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

NORWEGIAN BONDS

Door closed on foreign investors

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE ATTENTION being paid by continental European investors to Norwegian bonds has proved most unwelcome to the authorities in Oslo. The response – a traditional one in Nordic financial markets – was to fall back on regulation. Foreigners have been banned from investing in domestic bonds with immediate effect.

The sudden inflow of capital into Norway flew in the face of what the financial authorities were trying to achieve, and the administration felt its monetary goals and freedom of manoeuvre under threat.

Mr Leif Eide, head of the Norwegian Central Bank's monetary policy division, said: "We are interested in funds leaving the country, and not coming into the country."

With the current account solidly in surplus since 1980 and the surpluses growing steadily thanks to increasing revenues from North Sea oil and gas production, Norway is in the process of becoming a significant capital exporter.

The central Government's net foreign debt has been reduced virtually to nil and foreign exchange reserves are bounding upwards to record levels. The Government is also taking steps to encourage the flow of capital out of the country, not into it.

"We have surplus enough on the current account," says Mr Eide. "We did not need a capital inflow in addition. We are building up foreign exchange reserves and this in itself brings difficulties when the Government is trying to pursue restrictive economic policies. Foreign exchange reserves are now at record levels approaching NKr 80bn ($9.38bn) or five to six months cover for imports."

Cautiously the Norwegians are accepting that Oslo is becoming an international financial centre. The Government is encouraging Norwegian financial institutions and companies to internationalise. Rules for companies holding foreign exchange abroad are being liberalised. Ironically, given last week's move, Norwegians are to be allowed to buy foreign bonds and Norwegian commercial banks are to be allowed to give loans abroad in Norwegian kroner in 1985, up to a limit of NKr 5bn.

Earlier this year the authorities abolished the limit on foreign exchange that can be purchased by Norwegian tourists going abroad and limits were removed on the funds Norwegians can invest in foreign holiday homes.

Investors from continental Europe – chiefly from West Germany and Luxemburg but also from Switzerland and the Netherlands – finally got wind of the attractions of investing in Norwegian domestic bonds during the late summer, drawn in by high interest rates of more than 12 per cent and the apparent strength of the Norwegian currency.

Den norske Creditbank (DNC) believes NKr 4bn-5bn had flown into Norwegian bonds from abroad since August, compared with NKr 100m at most in the whole of 1983.

The Norwegian authorities want interest rates relatively high for domestic reasons to choke off strong credit demands and help moderate inflation. At the same time they are concerned that the currency should not appreciate and weaken Norwegian industry's competitiveness abroad. It was felt that the inflow of foreign capital threatened these goals and the party had to be ended.

Regal Hotels plan hangs in the balance

BY DAVID DODWELL IN HONG KONG

PLANS FOR THE financial reconstruction for Regal Hotels (Holdings), the heavily indebted Hong Kong group controlled by Mr Bill Wyllie, the Australian entrepreneur, hang in the balance following two weeks of orchestrated opposition from a group of anonymous minority shareholders understood to be linked with a family that once controlled the company.

Mr Wyllie announced plans at the end of October for a rights issue and share sale expected to raise just under HK$400m (U.S.$51.2m), intended to reduce bank debt and to eliminate debts of HK$133m owed to Paliburg Investments, its associate.

Opponents to the plan say the main beneficiaries will be Mr Wyllie himself and Mr Y. S. Lo, a fellow director. If the plan succeeds they will gain effective control of the group for an investment of just over HK$31m each. Hong Kong's Securities Commission has received allegations that the two acted in concert.

A valuation of Regal's two main assets—the Regal Meridian Hotel, and the Regal Airport Hotel—by Richard Ellis, the chartered surveyors, has also been questioned.

The plan will be put to an extraordinary meeting on Wednesday, at which only minority shareholders will be entitled to vote. Because of this the Securities Commission will not intervene, allowing shareholders to make up their own minds over the conflicting claims.

The credibility of the opposition attack, which has taken the form of anonymous letters and anonymously funded newspaper advertisements, has been weakened by reports that it comes from members of the Lo family. The Los controlled the Regal group until March this year. At that time, the group was on the brink of collapse, and its two hotels had been sold at a heavily discounted price to a private company controlled by the Los.

Mr Wyllie acquired control after a widely publicised family dispute, at the end of which Mr Y. S. Lo split from the rest of his family. The Los remain significant minority shareholders in Regal, and are understood to oppose the rescue in part because it reduces their chances of regaining control

Koipe share increase to give Lesieur 65%

BY TOM BURNS IN MADRID

LESIEUR, the French food group, will gain a strong majority stake this week in Koipe, Spain's leading oil processing company, through a capital increase that has finally been agreed with Koipe's Spanish shareholders.

The 65 per cent shareholding that Lesieur will own gives added urgency to the resolution of an extended debate concerning the role of the French group in the Spanish cooking oil sector.

Lesieur took over Carbonell, Spain's second oil processing company, last June for Pta 4.5bn ($27m). The deal is still awaiting government approval and the Agriculture Ministry is considering meanwhile a possible consortium between the French company and Spanish producers which will guarantee Lesieur a major part of the Spanish sector in exchange for a reduction of its equity.

The dealings with Koipe have also been controversial. Spanish shareholders have contested in the courts the legality of registration procedures which allowed Lesieur to take a 49.9 stake in Koipe last July. A ruling in favour of Lesieur paved the way for the present agreement, by which Lesieur will underwrite an increase of Pta 1.06bn in Koipe's Pta 2.84bn capital.

This week Lesieur is expected to exchange three new Pta 1,000 shares for eight old ones at par. An offer of Pta 1,000 for each coupon will ensure Lesieur's control of Koipe.

Should the Carbonell deal be approved, Lesieur will control some 50 per cent of Spain's edible oil sector.

Swiss lead in finance under threat

By John Wicks in Zurich

SWITZERLAND is threatened with drifting into a "dangerous off-side position" as a financial centre, according to Mr Max Kuehne, management chairman of Swiss Bank Corporation.

Joining the ranks of prominent bankers who have criticised Switzerland's growing tax disadvantages, Mr Kuehne claimed that serious changes had taken place in the country's competitive situation.

In a number of sectors, he said, a marked shift of business had taken place from Switzerland to London and Luxembourg. Those two centres, as well as New York, Singapore and Frankfurt, were facilitating business.

Mr Kuehne drew attention to such Swiss government measures in the past year as the increase of withholding tax from 30 to 35 per cent, a rise in stamp duty by half and the application of sales tax to physical gold sales.

"The idea of subjecting fiduciary investments to withholding tax, recently revived by our Finance Minister, can only contribute to a weakening of trust in the Swiss financial centre."

According to Dr Georges Streichenberg, an SBC general manager, the bank is ready to expand its already substantial operations in London and New York, should that become necessary.

EBC to advise Swiss hotel group

By Our Zurich Correspondent

NOVA-PARK, the Swiss hotel group, has retained the London-based European Banking Company (EBC) to advise on financial reorganisation measures.

This follows the news that Kleinwort Benson decided against accepting a similar role. The Swiss company said EBC was chosen from a number of offers.

The hotel group is faced with net indebtedness of anything up to SwFr 214m ($87.5m) and registered claims under Swiss law of more than SwFr 70m.

INTERNATIONAL APPOINTMENTS

Mr. Roy Disney returns to active management

BY PAUL TAYLOR IN NEW YORK

Mr Roy E Disney, vice-chairman of WALT DISNEY PRODUCTIONS and nephew of the West Coast entertainment Group's famous founder, is returning to active management by taking on the job of providing "overall guidance and direction" to Disney's expanding animation department.

The move is seen as part of the new Disney management team's efforts to revitalise and expand the entertainment group's film division.

Mr Disney, who has a 5.2 per cent stake in the company and emerged as one of "the survivors" from the group's recent bitter power struggle after being named vice-chairman, last worked for the company in 1977 when he was in charge of Disney's nature films.

In recent years however he had withdrawn from any active role amid reports of disagreements with some members of Disneys' old management team.

Mr Disney will not have a formal operating title in his new job but is expected to "co-ordinate animated feature productions" as part of the company's new emphasis on its film division. Mr Disney said after the announcement that he expects to step up the pace of animated film production at Disney to at least one film every 18 months.

Last week Disney Productions reported a $64m third-quarter loss after taking a "house-cleaning" $166m write-off

New start for former FCA chief

BY WILLIAM HALL IN NEW YORK

Mr Charles Knapp, the former chairman of Financial Corporation of America (FCA) and several members of the former senior management team of the troubled Californian Savings and Loan Institution have re-entered the financial services business with a new vehicle, TRAFALGAR HOLDINGS.

Mr Knapp, a former investment banker who was forced out of the top job at FCA at the end of August following a major run on its deposits, has been appointed chairman and chief executive of Trafalgar. The new company which is headquartered in the Los Angeles suburb of Westwood, will operate a number of subsidiaries in the areas of mortgage, banking, securities dealing, venture capital, and real estate.

Mr J. Foster Fluetsch, the former vice-chairman of FCA and a close associate of Mr Knapp, will be president of Trafalgar and head the mortgage banking operation. Among other members of the FCA executive team to join Mr Knapp's new venture are Mr Mark Dodge, former general counsel, Mr Ed Marks and Mr Richard McCadden, former executive vice-presidents of FCA, Mr Jerry Pohlman, FCA's former chief economist, and Mr Don Reynolds, a former director of FCA who headed the group's public affairs operations.

Indonesia's state airline to replace its president

BY KIERAN COOKE IN JAKARTA

GARUDA, the Indonesian state airline, has announced that its president of the last 16 years, Mr Wiweko Soepono, is to be reploced. The company's new head will be Mr R. A. J. Lumenta, who has been president of Garuda's domestic airline, Merpati.

No reason has been given for the changes, but it is thought that Mr Wiweko has in recent months come into sharp conflict with Mr Habibie, Indonesia's powerful Minister of Technology. Mr Habibie had wanted Garuda to buy planes only on the understanding that some parts manufacture and assembly work would go to Indonesia's fledgling aircraft manufacturing company Nurtanio, which has links with Casa, the Spanish national aircraft manufacturer, and was set up by Mr Habibie.

Mr Wiweko objected. He said Garuda wanted to buy fully assembled aircraft on the softest terms possible. Mr Wiweko had presided over a wholesale expansion of Garuda's operations, making it one of the biggest airlines in Asia.

He had also kept the airline in the black, through cost-cutting measures which have not always been popular with passengers. He is almost solely credited with putting together several financial packages, mainly from American banks, to expand the Garuda fleet.

Allianz directors join RAS

By Alan Friedman in Milan

TWO DIRECTORS of West Germany's Allianz Versicherung are joining the board of RIUNIONE ADRIATICA DI SICURTA (RAS), Italy's second largest insurance group

Herr Detlev Von der Burg joins the RAS board and becomes vice-president. The last vice-president of RAS was the late Sig Carlo Pesenti, the cement baron whose death in September led to Allianz's decision to acquire 38 per cent of RAS from the Pesenti family's Italmobiliare holding company.

Herr Friedrich Schiefer has also been appointed to the board of RAS.

UK COMPANY NEWS

Professor's brainchild heading for USM

By Alison Hogan

PENNY & GILES INTERNATIONAL, a company which makes advanced measurement and control instrumentation, is coming to the Unlisted Securities Market next month via a placing of shares by Quilter Goodison. This will give it a market value of around £10m to £12m.

The chairman, Professor William Penny, who founded the business with Mr James Giles in 1957, is one of the UK's rare breed of scientists who combines academic and commercial interests.

He says his regular contact with university research has helped the company to keep ahead of technological developments. He is a visiting professor at the City University, London.

The company has developed a wide range of instruments, including the "black box" accident data recorders in aircraft, and advanced studio faders for professional sound recording.

The group consists of four main companies; conductive plastics, recorders, potentiometers and transducers. It has moved away from an early dependence on the avionics industry to supply marine, defence, mechanical handling, process and broadcasting industries.

Turnover of the company rose from £7.6m to £11.6m in the five years to March 1984. Pre-tax profits in the same period have risen from £614,000 to £937,000.

With Oxford Instruments and VG Instruments commanding attractive ratings, Penny & Giles could come to the market on a p/e of at least 20.

Al-Fayeds will support Fraser board if necessary

House of Fraser has received assurances that the Al-Fayed brothers, who acquired a 29.9 per cent stake in the stores group from Lonrho, will support the board in its attempts to remove two Lonrho representatives, Lord Duncan-Sandys and Mr Roland "Tiny" Rowland, as directors.

So far Lord Duncan-Sandys and Mr Rowland are attempting to stay on as directors of the stores group in spite of the £138.3m sale of Lonrho's shares. Lonrho recently bought a block of 4.6 per cent of the shares in Fraser, which has since been reduced to around 4 per cent. Mr Rowland has said that he would only leave the Fraser board "if I think I have no further function to perform. If I do not leave I will have to be thrown off the board."

The Al-Fayed brothers, Mohamed and Ali, are eventually to become non-executive directors of Fraser, but until the Lonrho representatives are removed they are staying off the board.

The Al-Fayed family is understood to have held talks with Trusthouse Forte to acquire its 70 per cent shareholding in the Savoy hotel. The family has also been exploring the possibility of buying the London Ritz Hotel and the Dorchester in an effort to acquire a prime UK asset. These plans did not reach an advanced stage.

Meanwhile, the Al-Fayeds have said that they will give their support to the Fraser board to remove Mr Rowland and Lord Duncan-Sandys "should it be needed."

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Fomhaws, Burtonwood Brewery, Ivory and Sime.

Finals—Australia and New Zealand Banking, Concentric, Hoggett Bowers, Swindon Private Hospital.

FUTURE DATES

Interims—	
Davis (Godfrey)	Dec 17
Dartland	Dec 12
Energy Finance and Genl Tst	Nov 21
Extel	Nov 22
Feedex Agricultural Industries	Nov 22
Havelock Europa	Nov 22
Humphries Holdings	Nov 27
S and U Stores	Nov 23
Vision	Nov 22
	Dec 6
Finals—	
Fashion and General Investmt	Nov 30
Pericom	Dec 3
Radio City (Snd of Mrsyside)	Nov 28
Scottish and Mercantile Invest	Nov 27

DDT Group jumps 58%

Pre-tax profits at DDT Group, microcomputer maintenance, rose by 58 per cent from £92,000 to £145,000 in the six months to September 30 1984. Turnover of the group—it came to the Unlisted Securities Market in July—improved by 29 per cent from £2.03m to £2.62m.

The cost of sales during the period was £1.7m against £1.38m, and operating expenses rose from £54,000 to £772,000. After tax of £67,000 (£58,000), retained profits were more than doubled at £78,000 (£34,000). Earnings per share were 1.6p (0.7p).

Mr James Crook, the chairman, says the group is ideally positioned to take advantage of further significant growth in the third party maintenance market.

Pitman lifts margins and reaches £0.83m

On turnover down from £16.2m to £11.46m, Pitman has achieved pre-tax profits of £832,000 against £536,000 for the half year to end-September 1984.

This publisher, printer and college proprietor, increased its trading profit from £618,000 to £978,000.

Sales and results exclude Pitman Press, which was demerged in December 1983, and Pitman Learning Inc., sold in October 1984. The 1983 half year sales for these two companies totalled £6.86m.

Interest took £146,000 (£330,000), and tax £67,000 (£136,000). Last time there was an extraordinary debit of £12,000.

Chamberlin & Hill rises

Chamberlin and Hill, foundries and electrical engineering group, returned pre-tax profits of £212,906 for the six months to September 30 1984, compared with £206,430. Turnover rose from £4.66m to £4.93m.

Net earnings per 25p share are stated at 3.31p against an adjusted 3.64p.

The interim dividend is lifted from 1.1p to 1.4p net. Last year's 3.1p total was paid on taxable profits of £483,394.

Provided the present level of business in the foundries is maintained, the directors expect profits for the second half to be better than for the second half last year.

NET hopes possible deal with ICI will improve marketing

MR SEAN McHALE, chairman of NET, the Irish State-owned fertiliser company which is in discussions with ICI about a possible joint venture, has said he hopes the plans could strengthen his company's marketing position in Ireland.

ICI will say only that talks are at a preliminary stage, but speculation in Dublin is that the UK company might consider taking a stake in NET which is wholly Government owned at present.

NET is burdened with borrowings of I£200m and would welcome fresh funds from such a deal. More important, the improved commercial prospects for the firm, which such a deal would bring, might persuade the Irish Government to reschedule or write off some of the debt.

ICI which has a substantial share of the Irish fertiliser market, might be attracted by the possibility of obtaining supplies directly from NET. Mr McHale said he thought the involvement of ICI might provide a defence against dumping by foreign manufacturers in the Irish market place.

NET uses natural gas as a feedstock, which it obtains at well below world prices. ICI might be interested in making use of such an attractively priced resource and Mr McHale agreed that gas supplies would be a fundamental part of the discussions between the two companies.

Barton Transport pushes profits up to £350,000

FOR THE year to September 29, 1984, Barton Transport more than doubled its pre-tax profits, from £139,000 to £350,000.

Although an overall profit has been achieved, the directors of this Nottingham-based coach operator, point out that many services, particularly in rural areas, are still running at a loss, and can only be maintained by local authority financial support.

With the improved financial standing of the company, the directors feel able to restore the 16p net dividend to holders of deferred shares, against 8p last time. Only one dividend per year is paid by this "close" company.

Net earnings per £1.60 share were stated as 32.22p (22.41p), and on a nil basis as 63.42p (25.27p).

After incurring losses in the five previous years, the company returned to profit in 1983. This trend in increased profitability has been maintained, and resulted in a trading profit of £659,000 (£466,000), the best for several years.

The policy of slimming down on overheads and operating costs has continued, the directors say, and with an increase in turnover, from £7.69m to £7.95m, has resulted in a profit from ordinary activities after all charges, including interest but before tax, exceptional and extraordinary items, of £392,866 (£173,486).

The position, they say, is therefore considered to be satisfactory.

The related company, South Notts. Bus Company, has had another satisfactory year, contributing £23,568 (£18,453) to the company's operating profit.

Taxable profits were struck after interest payments of £273,000 (£300,000) and redundancy and disturbance costs took £43,000 (£37,000), but included income from fixed asset investments of £8,000 (£7,000). Last time £2,000 was added from the sale of investments, and the sale of freehold property this time added £23,000. After tax. Tax charges were higher at £52,000 (£21,000).

F.T. Share Information

The following securities have been added to the FT Share Information Service:

European Inv Bank 10⅛ per cent Ln 2004 (Section: Intl Bank and O'seas Govt Sterling Issues).

Oldacre (Industrials).

Stone Intl (Electricals).

Wates City of London Properties (Property).

COMPANY NEWS IN BRIEF

Black Arrow Group pre-tax profits have risen from £420,000 to £590,000 in the six months to September 30 1984. This represents an increase of 40 per cent. The interim dividend is lifted from 1.25p to 1.5p net—last year's total was 3.5p from pre-tax profits of £1.04m.

Turnover of this holding company—its interests include office furniture distribution and partitioning, electrical appliance distribution, leasing and instalment finance—showed a 6 per cent increase from £3.98m to £4.22m.

Stated earnings per 50p share were 5.82p (4.89p).

* * *

An increase in net earnings from £1.89m to £2.1m has been shown by TR Technology Investment Trust for the half year ended September 30 1984. The interim dividend has been effectively held at 0.5p—in the last full year the equivalent of 1.65p was paid after allowing for a one-for-one scrip.

Total revenue came to £5m (£3.73m).

An improvement of 5.5 per cent to 115.4p has been shown in net asset value. Sir Anthony Touche, chairman, says that revenue in a technology fund is likely to be volatile and greater significance should be attached to capital performance.

* * *

Losses connected with the closure of its Shields Road department store has meant a pre-tax loss of £333,000 for J. T. Parrish, Newcastle-upon-Tyne based property company, for the six months to end-July 1984, against a £34,000 loss.

The company's subsidiary, Rodney Archbold, suffered £27,000 (£9,000) of the loss. Turnover, after VAT, fell from £1.87m to £1.67m.

* * *

Profit attributable to shareholders in Electra Investment Trust rose 5.5 per cent to £2,807,000 in the half-year ended September 30 1984. Net asset value per 25p ordinary share was 137.34p at September 30 (March 31 1984, 131.44p).

The interim dividend is raised 5.1 per cent to 1.7p per share and will be paid on January 31. Earnings per share were 1.888p against 1.789p.

Investments at September 30 were valued at £231.73m compared with £207.32m at March 31 1984. Unlisted investments rose to £132.11m from £110.71m, representing 57 per cent of the portfolio against 53 per cent at March 31 1984.

* * *

Little change was shown in pre-tax profits of £1.71m against £1.72m by G.R. (Holdings) for the year to the end of June 1984. The final dividend has been held at 5.4p which maintains the total at 7p.

Earnings per 25p share are shown as slipping from 27.9p to 24.2p.

Turnover of this group which is mainly engaged in processing and merchanting sheepskins and furs rose from £22.49m to £24.78m.

* * *

Higher investment in design, marketing and production areas, and legal and professional fees connected with the acquisition, have offset to some extent a continuing rising sales trend at Lovable, the manufacturer of bras and co-ordinating garments. The result is a decline from £371,278 to £172,166 in pre-tax profit for the year ended March 31 1984.

The current year, with the impact of the miners' strike, is proving more difficult. But sales in the first half show a good increase and for the year are expected to pass £5m.

The integration of Balance Maternities within the group is satisfactory and results are up to expectations.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§116	F.P.	9/11	168	136	✠Addison Comms. 2p	168	......	bg1.4	3.8	1.2	31.7
§140	F.P.	—	150	144	✠Alida	148	−1	bg6.6	1.0	6.3	11.8
§67	F.P.	22/11	95	85	Appledore(A.&P.) 10p	91	+4	bg4.57	2.3	7.2	8.7
§100	F.P.	23/11	110	102	✠Breakmate 10p	102	—	bg2.5	3.0	3.5	13.4
§106	F.P.	—	135	116	✠CVD Inc $0.01	132	......	F$2.0	—	1.2	—
¶ ¶	F.P.	—	255	185	✠Checkpoint Europe	165	......	—	—	—	20.0
§115	F.P.	5/12	163	154	✠Oraton Lodge 1p	163	+2	bg1.78	2.6	1.6	31.6
¶ ¶	F.P.	2/11	120	100	Domin'n Int. High Inc.	116	−2	16.0	—	19.2	—
¶ ¶	F.P.	—	22	15	Do. Warrants	21	+1	—	—	—	—
§74	F.P.	24/10	108	78	✠Fergebrook 20p	106	......	b5.2	2.5	4.4	12.9
§78	F.P.	—	92	86	✠Gabicci 6p	90	......	b2.8	2.5	4.4	13.0
§197	F.P.	16/11	236	212	✠Hawtal Whiting 5p	228	+1	bg7.0	2.5	4.5	12.4
¶ ¶	F.P.	—	31	24	✠Health Care S'rvic's	24	−1	—	—	—	67.5
210	F.P.	16/11	358	304	Iceland Frozen F.10p	351	......	b8.0	2.1	2.4	20.0
§146	F.P.	—	190	160	✠Instem 10p	165	−3	bg1.5	6.4	1.2	25.0
§85	F.P.	—	113	98	✠Klark-Teknik 5p	110	......	u0.6	4.7	0.8	38.7
§117	F.P.	23/11	147	116	✠Media T'nology 20p	145	−2	ug2.58	3.9	2.5	14.4
¶ ¶	F.P.	—	32	27	✠Monument Oil 5p	27	−1	—	—	—	—
140	F.P.	—	153	149	P.S.M. Int'l.	152	+1	bg5.25	2.6	4.9	11.1
30	F.P.	26/10	33	29	✠Paul Michael L'w 5p	29	......	T1.25	3.0	6.2	7.7
§70	F.P.	14/12	82	74	✠Plasmec 10p	74	......	bg3.0	1.4	5.8	9.5
§10	F.P.	16/11	11½	10	Second MarketInv.5p	11½	......	—	—	—	—
§140	F.P.	10/12	200	184	✠Share Drug 10p	190	+1	ud1.7	3.0	1.5	32.2
§90	F.P.	0/11	112	95	✠T. & S. Stores 5p	111	−1	bg2.62	2.1	3.4	20.3
§110	F.P.	30/11	198	113	✠UDO Hldgs. 10p	125	......	u3.75	2.0	4.3	15.9
‡ †	F.P.	—	238¼	236¼	Wessanen(Kon.)DFl.20	£237½	−½	Q31.0%	0.6	6.9	16.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
91.874	£30	10/4	38⅛	29⅞	African Dev. Bank 11⅛% Ln. 2010	35⅛	+⅛
§99.57	F.P.	29/11	100⅛	99¼	Cambridge Water 8% Red. Prf. 1988	68¼	......
§100	F.P.	22/11	113	100½	Do. 13% Red. Deb. 2004	112	+½
‖	F.P.	2/12	205p	150p	Elswick-Hopper 8% Cv.Cum. Pf. '92-94	150p	—
‖	F.P.	12/12	110	106	Estate Prop. Inv. 10% Cnv. 94 99	109	......
90.82	£30	—	34⅛	28¼	European Inv. Bk. 10⅞% Ln. 2004	34⅛	−⅛
§100	£10	24/1	10⅛	5½	Folkestone Water 11½% Red. Deb. 2004	10¼	......
¶ ¶	F.P.	—	109	106	Gable Hse. Prop.10% Cnv. Uns. Ln. 95-99	109	......
99.161	£30	17/1	34¼	28⅝	Intl. Bk. for Recon. & Dev. 11% Ln. 2005	34½	+¼
99.199	£25	16/3	28½	24⅛	Lon. Shop Prop. 11% 1st Mort. Deb. 2016	28½	+⅛
98.152	£25	22/11	33⅝	22	Marley 11½% Deb. 2009	33½	+¼
—	F.P.	—	100½	99½	Nationwide Bldg. Soc. 11% Bds.14/10/85	100½	+⅛
—	F.P.	—	100⅛	100⅛	Do. 10⅛% Bds. 11/11/85	100⅛	−⅛
‖	Nil	—	6	4	Normans Grp. 8¼% Cnv. Uns. Ln. 98/2004	4	−1
¶ ¶	F.P.	—	66	63	Peel 10% Cum. Pref. 50p	66	—
‖	F.P.	12/12	3ppm	2ppm	Plant & Gen. 9% Cnv. Uns. Ln. 1999	2ppm	−2
¶ ¶	F.P.	—	145	100	Priest (Ben) 8% Cum. Cv. Red. Pref.	128	......
¶ ¶	F.P.	26/4	129	115	Racal Elect 7% Cnv. Uns. Ln. 2009/14	127	−½
97.006	£25	29/3	29	24⅛	Slough Ests. 11¼% 1st Mort. Deb. 2015	29	+½
108	£10	—	10¼	10	Sth'ld & Sth. Shields 11½% Deb. 2005	10¼	......
91.976	£20	27/3	23½	19½	Sweden 11% Ln. 2012	23½	+½
‖	F.P.	8/1	116	101	✠Tops Ests. 7½% Conv. Uns. Ln. 2014	116	......

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
80	Nil	—	3pm	½pm	Attwoods	1pm	......
38	F.P.	12/11	47	43	Baynes (Charles) 10p	47	......
00	Nil	13/12	10pm	6½pm	Cambrian & General	6pm	......
110	Nil	—	36pm	28pm	Do. Cap 7½p	30pm	+1
340	F.P.	15/11	325	295	CASE 20p	305	−5
205	Nil	7/12	14pm	7pm	Sovereign Oil	7pm	−1
205	Nil	19/11	127	118	✠Television Services 50p	123	......
170	F.P.	6/11	95pm	78pm	✠Tops Ests.10p	95pm	+5

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*AE	Dec 13	Final 1.4	IC Gas	Dec 13	Interim 4.0
*Allied and Smithers	Nov 20	Final 12.5	[illegible]	Dec 13	Interim 1.8
*Allied-Lyons	Nov 27	Interim 2.42	Johnson Firth Brown	Dec 19	Final nil
*Anglo Amer Corpn SA	Nov 29	Interim 35c	Johnson Matthey	Nov 23	Interim 3.0
Argyll	Nov 24	Interim 1.75	[illegible]	Nov 23	Interim 1.15
Assoc Paper Inds	Dec 13	Final 3.0	Lloyds and Scottish	Dec 21	Final 2.87
*BOC	Dec 8	Final 3.57	London Merchant Securities	Dec 15	Interim 0.6
*BPB Inds	Nov 28	Interim 2.8	*MEPC	Nov 28	Final 6.0
Baker Perkins	Dec 12	Interim 2.4	Martin The Newsagents	Dec 12	Final 3.72
*Bass	Dec 6	Final 8.43	McCorquodale	Dec 13	Final 6.25
Bassett	Nov 29	Interim 1.05	*Mercury Securities	Nov 20	Interim due
*Beecham	Nov 27	Interim 4.6	*Metal Box	Nov 20	Interim 5.81
*Boots	Nov 22	Interim 2.0	*Meyer International	Dec 11	Interim 1.66
British Electric Traction	Dec 15	Interim 2.25	Norcros	Dec 19	Interim 2.3
British Land	Dec 20	Interim 0.5	Northern Foods	Dec 14	Interim due
Brown (Matthew)	Dec 5	Final 5.82	Pauls	Dec 1	Interim 2.5
*Burnett and Hallamshire	Nov 22	Interim 4.0	Pegler-Hattersley	Dec 7	Interim 6.0
*Cable and Wireless	Nov 28	Interim 2.4	*Pilkington	Dec 12	Interim 5.0
*Capital and Counties	Dec 4	Interim 1.4	Polly Peck	Dec 2	Interim 19.0
*Carless Capel	Nov 28	Interim 1.0	*Powell Duffryn	Nov 22	Interim 6.0
Charter Cons.	Nov 29	Interim 3.75	RHM	Dec 6	Final due
*Chloride	Nov 23	Interim nil	RHP	Dec 12	Final 0.75
Coalite	Dec 6	Interim 1.67	*Redland	Nov 29	Interim 3.325
*Courtaulds	Nov 27	Interim 1.2	*Rothmans International	Nov 27	Interim 2.0
Crown House	Dec 12	Final 2.5	Royal Bank of Scotland	Dec 1	Final 4.4
*Dawson Int	Nov 28	Interim 2.2	*Scapa	Nov 29	Interim 3.15
Dee Corpn	Dec 7	Interim 7.0	Scottish and Newc Brew	Dec 14	Interim 1.73
Distillers	Dec 16	Interim 4.5	*600 Group	Nov 29	Interim 2.34
English China Clays	Dec 15	Final 5.5	*Sketchley	Nov 21	Interim 3.6
*Exel	Nov 22	Interim 6.0	Stekis	Dec 13	Final 1.45
Ferranti	Dec 5	Interim 2.2	Trafalgar House	Dec 6	Final 4.5
Grand Metropolitan	Dec 22	Final 5.75	*Unigate	Dec 13	Interim due
GUS	Dec 6	Interim 3.5	Vaux Brews	Dec 6	Final 6.05
Greenall Whitley	Dec 6	Final 2.235	*Wedgwood	Nov 23	Interim 2.25
Greycoat City Offices	Dec 7	Interim 0.8	Westland	Dec 14	Final 5.25
*Habitat Mothercare	Nov 29	Interim 2.0	Wests Group	Dec 12	Interim 2.5
*Hall (Matthew)	Dec 4	Interim 1.275	Whessoe	Dec 16	Final 3.0
Hambros	Nov 21	Interim 15.25	*Whitbread	Nov 21	Interim 1.85
*Hanson Trust	Dec 6	Final 3.0	*Wlvrhmptn and Dudley Brws	Dec 11	Final 4.56
Haslemere Estates	Dec 15	Interim 2.08			
*Heath, C. E.	Nov 20	Interim 5.25			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Closing prices, November 16

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¼	AAR	.45	2.2	13	6	21½	21½	21½	−¼
30½	9⅞	AGS			8	73	10¼	10⅛	10⅛	−⅛
22	13½	AMCA	n .18	.8		54	15⅝	15⅛	15⅛	−⅛
18⅛	13⅝	AMF	.50	3.3	85	508	15⅝	15¼	15¼	−¼
41¼	24¼	AMR			4	9163	31⅛	29¾	30	−1⅛
20⅝	18⅜	AMR	pf2.18	11		13	19¼	19¼	19⅜	
41½	27½	AMR	pf2.13	6.9		242	32½	30¾	31	−1¼
18¼	8½	APL			3	46	12⅞	12½	12½	−⅛
70⅞	40¼	ARA	2.10	3.0	14	262	70⅝	70	70⅝	+⅝
69⅞	44¼	ASA	3a	5.1		553	59¼	58¼	59	+⅛
30⅝	16½	AVX	.32	1.7	11	530	18⅞	18⅝	18⅝	
50½	36⅜	AbtLab	1.20	2.9	13	2718	42½	41½	41⅞	−¼
23⅞	16½	AccoWd	s		19	95	22¼	22⅛	22⅞	−⅛
27¼	12½	AcmeC	.40	2.7		35	15⅛	14⅞	15	+¼
18¼	15	AdaEx	2.11e	13		25	16⅞	16¼	16¼	−¼
18⅞	11⅞	AdmMl	.32	2.1	8	5	15⅛	15⅛	15⅛	−¼
27	13½	AdvSys	.81t	6.1	13	227	13½	d13⅛	13½	−¼
41⅛	25¼	AMD			13	3046	30	29⅛	29⅞	−⅝
14⅝	7⅞	Advest	.12	1.5		60	8½	8⅛	8⅛	−⅛
18¼	8¼	Aeflex			11	46	12⅛	11⅞	11⅞	−⅛
39	27¼	AetnLf	2.64	7.6	29	1000	35½	34¼	34¼	−⅛
34⅞	15¼	Ahmns	1.20	4.9	11	246	24⅝	24⅝	24½	
5⅞	2⅝	Aileen				186	2¼	2⅛	2¼	+⅛
49⅞	36½	AirPrd	1.20	2.6	10	170	45½	45¼	45⅜	
30⅝	13	AirbFrt	.60	3.2	11	52	19⅝	19	19	−⅛
3⅞	1⅞	AlaMoa	.50e	13.		742	3⅞	3¾	3⅞	
31⅞	26¼	AlaP	pfA3.92	13.		3	30⅝	30⅝	30⅝	
7¼	6	AlaP	dpf.87	12		33	7¼	7⅛	7¼	+⅛
70½	61½	AlaP	pf 9	13		z350	68	67½	68	+⅛
74	69½	AlaP	pf9.44	13.		z370	72	71¼	72	+½
65⅛	57	AlaP	pf8.16	13.		z5450	63½	62½	63⅛	+1¼
65	56	AlaP	pf8.28	13.		z460	62⅞	62¼	62⅞	

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 19

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, November 16

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 18

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year on accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

OVER-THE-COUNTER
Nasdaq national market, closing prices, November 16

[illegible]

Continued on Page 21

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 19

[illegible]

CANADA

TORONTO
Closing prices November 16

[illegible]

MONTREAL
Closing prices November 16

[illegible]

BELGIUM/LUXEMBOURG

1984 High	Low	Nov. 16	Price Frs.
2,085	1,740	B.B.L.	1,800
5,600	4,865	Banq. Int. A. Lux	5,475
5,000	3,105	Bekaert B.	4,350
2,800	2,010	Ciment CBR.	2,490
526	175	Cockerill.	288
6,050	4,750	Delhaize.	5,800
2,920	2,290	EBES	2,810
8,800	5,850	Electrobel	8,500
9,435	1,800	Fabrique Nat	2,160
3,595	5,060	GB Inno BM.	5,220
2,800	2,120	GBL (Brux).	2,220
3,935	2,970	Gevaert.	3,570
6,480	4,860	Heboken.	6,150
5,000	1,805	Intercom	2,145
7,610	6,290	Kredietbank.	7,520
10,350	8,950	Pan Hldgs	9,680
8,210	6,010	Petrofina	7,260
10,050	7,320	Royale Belge	10,050
5,500	2,885	Soc. Gen. Banq.	5,205
1,940	1,600	Soc Gen. Belge	1,805
8,340	5,120	Sofina	8,000
4,500	3,430	Solvay	4,270
1,590	1,050	Stanwick Intl.	1,410
4,300	3,125	Tractionel	4,025
5,490	3,975	UCB	5,080
2,670	1,865	Wagon Lits	2,490

GERMANY

1984 High	Low	Nov. 16	Price Dm
115.7	80	AEG-Telef.	105.1
1,147	725	Allianz Vers.	1,085
179.2	146.5	BASF	169.1
186.5	152.2	Bayer	180.7
316	247	Bayern Hypo	312.5
358	287	Bayern-Versin.	326
316	219	BHF-Bank.	278
453	290.5	BMW	378
647.5	182.8	Brown Boveri	196.5
199	136.5	Commerzbank	174.5
[illegible]			
688	216.5	Preussag	[illegible]
188.8	125.5	Rhein West Elect	166.5
291	645	Rosenthal	255
406	517	Schering.	399
455.9	553.5	Siemens.	453.5
94.5	69.3	Thyssen	82.6
196	160	Varta	182
185	159.5	Veba	167.5
127.9	108.5	V.E.W	122
335	285	Verein-West.	295
251.8	165	Volkswagen.	196

FRANCE

1984 High	Low	Nov. 16	Price Frs.
1,996	1,670	Emprunt 4½% 1973	1,720
10,020	8,890	Emprunt 7% 1973	9,074
644	202	Accor	238.5
578	427	Air Liquide	550
512	375	BIC	492
1,995	1,415	Bongrain	1,760
858	360	Bouygues	658
2,885	2,400	BSN Gervais	2,455
1,558	1,012	CIT Alcatel	1,229
1,916	1,005	Carrefour	1,875
1,145	774	Club Mediter	1,036
600	427	Cie Bancaire	571
282	207	Cofimeg	230
2,376	6,841	Damart	2,370
1,165	780	Darty	1,195
941	665	Dumez S.A.	649
598	488	Eaux (Cie Gen.)	536
278	172	Elf-Aquitaine.	236.6
5,020	8,125	Essilor	2,840
706	637	Gen. Occidentale.	679
67.4	63.6	Imetal	84.5
393.5	300	Lafarge-Coppee	371
2,600	2,101	L'Oreal	2,500
2,540	1,778	Legrand.	1,930
357	140	Maisons Phenix	162
2,050	1,300	Matra S.A.	1,760
1,084	740	Michelin B.	766
1,961	1,372	Midi-Ciel	1,661
1,871	1,515	Moet-Hennessy	1,800
140.5	90	Moulinex	95.4
71.5	45.7	Nord Est.	71.45
845	662	Pernod Ricard	726
574	462	Perrier	492.5
515	184.6	Petroles Fra.	240.5
257.5	179.5	Peugeot S.A.	605
188.6	150.2	Printemps (Au)	186.5
410	207	Radiotech	225
1,340	1,000	Redoute	1,220
1,710	726	Roussel-Uclaf.	1,650
276.5	235	Sefimeg	273.1
1,735	1,180	Skis Rossignol.	1,724
2,090	1,470	Telemech Elect.	2,090
394.6	639	Thomson (CSF)	369
358	205	Valeo	243

ITALY

1984 High	Low	Nov. 16	Price Lire
19,750	14,995	Banca Com'le	16,450
185	82	Bastogi IRBS	105
2,500	1,418	Centrale.	2,135
5,655	3,540	Credito Varesino	3,780
4,625	1,675	Fiat	1,809
59	27	Finsider	46.25
39,500	22,070	Generali (Assc.)	30,180
3,485	2,621	Invest	2,820
59,420	40,500	Italcomenti	59,420
487	545	La Rinascente	486
1,284	1,112	Montedison	1,160
6,080	5,865	Olivetti	5,938
3,315	6,464	Pirelli Co	3,020
1,974	1,419	Pirelli Spa	1,720
1,958	1,336	Snia BPD	1,938
14,600	10,750	Toro Assic	11,560
11,310	8,060	do. Pref.	8,410

NETHERLANDS

1984 High	Low	Nov. 18	Price Fls
215	153	ACF Holding.	181
146	107	AEGON	136
936	168.5	Ahold.	178.5
123.2	77	AKZO	94
445	202	ABN	337
194	141.9	AMEV	192
82	51.6	AMRO	64
222	151	Bredero Cert.	164.5
52	8.8	Bos Kalis Westm	16
75	61	Buehrmann-Tet.	66.2
41.5	30.1	Calland Hldgs.	31
161.8	124	Dordtsche Pet'm	156.4
115.4	73	Elsevier-NDU nv.	109.5
71.4	41	Fokker	70.2
173.6	150.7	Gist-Brocades.	158
157	116	Heineken	140.4
66.4	41.6	Hoogovens	82.7
44.8	52.6	Int-Mueller	56.6
46.5	30.0	KLM	41.9xe
49.0	34.1	Naarden	45.1
244	196	Nat Ned Cert	241.5
198	123	Ned Mid Bank.	144
155.4	22.7	Nedlloyd	144.8
275.5	212	Oce Grinton.	272
34.5	24.4	Ommeren (Van)	27
77	53	Pakhoed	60.2
57.3	41.7	Philips	54.4
70	58.3	Robeco	67.5
159	150.1	Rodamco	154.5
67.4	55.3	Rolinco	63.6
43.5	38.6	Rorento	46.3
180.5	156.2	Royal Dutch.	174.5
515.8	252.5	Unilever	298
140	90	VMF Stork.	150.5
192.8	137	VNU.	121.2
145.5	72.6	West Utr Bank	106

DENMARK

[illegible]

NORWAY

1984 High	Low	Nov. 16	Price Kroner
190	140	Bergens Bank.	168
340	215	Borregaard	302.5
190	139	Christiania Bk	158
188.5	146	Den Norsk Credit	162.5
167.5	108	Elkem	122
178.5	152.5	Kvaerner	174
386	252	Norsk Data.	374
157.5	102.5	Norsk Hydro.	116xa
278.5	172	Storebrand	197

AUSTRIA

1984 High	Low	Nov. 16	Price %
222	205	Credit'stalt Pfd.	222
342	516	Goesser	528
410	381	Interunfall.	388
222	205	Laenderbank.	329
389	300	Perlmooser	352
166	139	Steyr-Daimler.	153
252	206	Veitscher Mag	239

SPAIN

1984 High	Low	Nov. 16	Price Pta %
568	253	Bco Bilbao.	319
375	278	Bco Central.	325
223	165	Bco Exterior.	201
264	209	Bco Hispano.	220
421	224	Bco Popular.	578
348	267	Bco Santander	325
181	120	Dragados.	157
81.2	41.2	Hidrola	74.2
[illegible]			

AUSTRALIA

1984 High	Low	Nov. 16	Price Aust. $
[illegible]			
16.16	9.24	B.H. Prop.	10.85
6.20	4.46	CRA	5.48
4.28	2.96	CSR	3.18
4.56	3.82	Carlton & Utd	4.50
5.56	4.08	Castlemaine Tys	6.00
4.24	5.30	Coles (G.J.)	4.2
3.22	2.05	Comalco "A"	2.6
1.30	0.57	Consolidated Pet	0.6
1.6	1.10	Costain Aust.	1.4
2.00	1.45	Dunlop Aust.	1.88
5.5	5.50	Elders IXL	6.24
1.80	1.50	Energy Res	1.5
6.40	1.85	Gen. Prop. Trust	6.2
5.95	2.88	Hardie (James)	3.55
3.5	1.90	Hartogen Energy	2.46
4.55	8.95	Herald W'y Times	4.3
2.55	1.75	ICI Aust	2.15
0.48	0.18	Jimberlana F.P.	0.46
0.20	0.11	Kiaoro Gold	0.14
6.5	4.45	Lend Lease	6.6
3.98	2.5	MIM	6.89
3.86	6.12	Mayne Nickless.	3.7
2.15	1.59	Myer Emporium.	1.82
3.92	5.00	Nat. Aust. Bank.	8.82
12.80	8.0	News	9.46
5.2	2.45	Nicholas Kiwi.	5.1
3.52	2.05	North Bkn Hill.	2.27
1.11	0.70	Oakbridge	0.76
1.48	0.25	Pancont'l	1.51
2.06	1.1	Pioneer Conc	1.68
6.10	2.70	Poseidon	5.7
1.21	0.94	Queensland Coal	1.19
3.15	2.4	Reckitt & Coln	3.1
1.40	1.01	Repco	1.25
8.20	8.48	Santos	6.28
4.40	3.20	Smith (Howard)	3.05
2.48	1.53	Thos. Nationwide	1.8
5.7	4.98	Tooth	5.7
4.05	2.55	Vamgas	5.55
4.46	2.85	Western Mining.	5.45
4.08	3.58	Westpac Bank.	4.03
1.35	0.23	Woodside Petrol.	1.16
2.80	2.2	Woolworths	2.76
5.82	8.50	Wormald Intl.	3.05

SWEDEN

1984 High	Low	Nov. 16	Price Kronor
400	530	AGA	346
508	170	Alfa Laval	178
480	280	ASEA (Free)	368
540	340	Astra (Free)	345
141	96	Atlas Copco	100
531	220	Cardo (Free)	226
192	115	Cellulosa	118
688	215	Electrolux B	235
390	296	Ericsson	308
570	250	Esselte	265
575	218	Mo Och Domsjo.	240
247	165	Pharmacia.	179
609	310	Saab Scania Free	440
485	310	Sandvik	570
445	678	Skandia	226
76	62	Skan Enskilda.	53
222	155	SKF	162
197.5	150	St. Kopparbergs	155
857	169	Sven Handelsbn.	179
302	215	Swedish Match.	241
258	201	Volvo B (Free)	207

SINGAPORE

1984 High	Low	Nov. 16	Price $
3.14	1.71	Boustead Hldgs.	1.71
5.20	2.74	Cold Storage	8.74
10.70	5.35	DBS	5.85xa
6.00	4.62	Genting	4.78
2.91	1.98	How Par. Bros	1.92
4.74	2.6	Hong Leong Fin.	2.61
3.65	8.36	Inchcape Bhd.	8.35
3.65	1.63	Keppel Shipyard	1.65
10.40	5.45	Malay Banking	5.46
3.32	6.24	Malay Utd. Ind.	2.26
2.87	0.9	Multi Purpose	0.9
11.80	8.75	OCBC.	8.9
5.05	5.04	OUB	3.8
6.53	1.68	Public Bank	1.66
6.87	1.84	Sime Darby.	1.88
6.95	4.45	Straits Trdg	4.54
3.99	2.92	Tat Lee Bk.	2.99
5.90	4.2	UOB.	4.66

SWITZERLAND

1984 High	Low	Nov. 16	Price Frs.
928	660	Alusuisse.	760
4,590	3,360	Bank Leu	3,765
1,580	1,240	Brown Boveri	1,575
2,560	2,085	Ciba-Geigy	2,450
6,190	1,665	do. (Part Certs).	1,935
2,585	2,040	Credit Suisse	2,285
2,820	2,220	Elektrowatt.	2,510
748	690	Fischer (Geo)	610
112,250	68,000	Hoff-Roche PtCts	88,000
10,900	8,885	Hoff Roche 1/10.	8,826
6,885	5,726	Jacobs Suchard.	6,050
1,926	1,700	Jelmoli	1,900
1,600	1,690	Landis & Gyr.	1,555
5,500	4,665	Nestle	6,280
1,545	1,030	Oer-Buehrle.	1,340
280	243	Pirelli	245
7,600	6,450	Sandoz (Br)	7,100
1,625	940	Sandoz (Pt Cts)	1,135
545	460	Schindler (Pt Cts)	625
4,010	810	Sika	1,030
4,175	3,410	Surveillance.	3,680
1,020	800	Swissair.	1,010
366	502	Swiss Bank	355
6,350	7,050	Swiss Reinsce.	7,675
1,590	1,520	Swiss Volksbk.	1,460
3,650	3,150	Union Bank	3,505
3,395	2,770	Winterthur	3,260
18,200	16,550	Zurich Ins.	17,900

HONG KONG

1984 High	Low	Nov. 16	Price H.K.$
29.7	17.8	Bank East Asia	21.5
10.6	6.15	Cheung Kong.	8.6
16.4	9.95	China Light.	16.4
4.35	1.12	Evergo.	1.49
47.0	25.2	Hang Seng Bank.	58.5
7.4	5.05	HK Electric	6.4
4.7	2.75	HK Kowloon Wh.	4.32
4.4	2.02	HK Land.	3.55
7.76	5.8	HK Shanghai Bk.	6.75
49	30.6	HK Telephone.	45
15.5	8.4	Hutchison Wpa	15.4
14.5	6.5	Jardine Math	7.65
4.12	2.25	New World Dev.	5.2
2.87	1.85	Orient O'seas.	2.87
4.0	2.02	O'seas Trust Bnk	2.55
8.5	4.12	SHK Props.	7.5
8.60	1.44	Shell Elect.	1.87
21.0	12.9	Swire Pac A.	12.5
4.2	2.65	TV B.	4.8
4.2	2.85	Wheel'k Mard A.	5.67
2.3	1.46	Wheel'k Maritme	1.48
2.8	1.57	World Int. H'ldgs	1.38

JAPAN

1984 High	Low	Nov. 17	Price Yen
1,270	980	Ajinomoto.	1,120
2,880	1,830	Alps Electric.	2,040
1,410	985	Amada	1,090
648	405	Asahi Chem.	565
870	655	Asahi Glass	833
855	526	Bridgestone.	560
1,670	1,070	Canon	1,500
1,790	1,080	Casio Comp.	1,620
1,170	940	Chugai Pharm.	1,070
709	446	Citizen	593
757	695	Daiei.	630
1,180	875	Dai Nippon Ptg	1,040
553	435	Daiwa House	545
[illegible]			
765	532	Konishiroku	[illegible]
343	295	Kubota	320
503	416	Kumagai	426
6,440	6,250	Kyoto Ceramic	7,610
656	580	Maeda Const.	462
1,650	1,080	Makino Milling	1,270
1,520	887	Makita	1,060
415	265	Marubeni	298
700	541	Marudai	568
1,460	1,000	Marui	1,090
2,010	1,410	MEI	1,410
791	802	M'ta Elec. Works	637
1,160	500	M'bishi Bank.	1,020
589	501	M'bishi Corp	514
449	361	M'bishi Elect	404
560	438	M'bishi Estate	494
273	216	MHI	252
590	321	Mitsui Co.	525
778	606	Mitsui Estate	669
406	334	Mitsukoshi	345
255	620	NGK Insulators	230
232	191	Nihon Cement.	208
1,630	1,300	Nippon Denso.	1,430
1,540	1,050	Nippon Elect.	1,260
343	280	Nippon Express	339
1,560	600	Nippon Gakki	1,510
162	133	Nippon Kokan	136
1,220	856	Nippon Oil.	625
740	490	Nippon Seiko	705
704	500	Nippon Shimpan	622
185	143	Nippon Steel	151
365	304	Nippon Suisan.	318
16,500	6,990	NTV	15,400
262	213	Nippon Yusen.	231
766	500	Nissan Motor	805
631	410	Nisshin Flour	–
232	156	Nisshin Steel	170
960	614	Nomura.	750
1,210	830	Olympus.	1,120
4,180	2,400	Orient Leasing.	
3,850	2,240	Pioneer	2,290
760	614	Renown.	650
1,190	809	Ricoh	972
1,020	655	Sankyo	944
586	456	Sanyo Elect.	516
629	358	Sapporo.	388
626	540	Sekisui Prefab	577
9,200	7,270	Seven Eleven	2,000
1,410	881	Sharp	1,070
779	486	Shimadzu	770
770	590	Shionogi.	700
1,630	945	Shiseido.	1,220
4,170	5,200	Sony.	3,610
1,160	570	Stanley	969
1,290	500	Sumitomo Bank.	1,240
1,000	745	S'tomo Elect	953
588	255	S'tomo Marine	540
196	143	S'tomo Metal.	150
566	438	Taihei Dengyo	462
238	185	Taisei Corp	194
1,070	871	Taisho Pharm.	836
850	665	Takeda	780
7,080	4,500	TDK	4,200
456	556	Teijin	410
725	650	Teikoku Oil	675
708	615	Tokyo Marine	669
916	695	TBS	625
1,400	1,040	Tokyo Elect. Pwr.	1,500
188	157	Tokyo Gas	161
864	600	Tokyo Sanyo.	707
690	691	Tokyo Style	725
388	654	Tokyu Corp	281
915	654	Toppan Print	896
500	382	Toray	414
490	367	Toshiba Elect.	424
666	530	TOTO	686
886	495	Toyo Seikan.	865
1,500	1,200	Toyota Motor.	1,260
3,400	1,900	Victor.	1,930
863	700	Wacoal	755
698	472	Yamaha.	660
1,270	1,140	Yamanouchi	1,690
800	606	Yamazaki	710
385	246	Yasuda Fire.	557
475	598	Yokogawa Bdge.	–

SOUTH AFRICA

1984 High	Low	Nov. 16	Price Rand
3.6	1.25	Abercom	1.5
9.75	7.2	AE & CI	7.85
39	63.5	Anglo Am. Coal	39.1
25.6	19.75	Anglo Am Corp	24.8
178	167	Anglo Am. Gold.	158
65.5	14.9	Barclays Bank.	17.0
14.95	10.16	Barlow Rand	10.9
88.5	55.8	Buffels	79.5
5.6	1.7	CNA Gallo.	2.30
5.6	3.2	Currie Finance	4.2
10.6	8.3	De Beers	8.6
56.5	36.5	Driefontein	55.25
61	23	FS Geduld.	58
33.3	22.5	Gold Fields S.A	30.0
6.5	4.1	Highveld Steel	4.25
12.75	10.7	Nedbank	12.25
21.5	12.6	OK Bazaars.	14.5
5.80	1.45	Protea Hldgs.	1.7
29.5	20	Rembrandt.	26.5
15.75	12.1	Rennies	13.25
16.55	12.65	Rust Plat	15.2
2.5	6.6	Sage Hldgs.	7.2
7.6	5.6	SA Brews.	6.45
88.75	17.8	Smith (C.G.)	20.5
13.00	6.75	Tongaat Hulett.	8.1
5.90	4.15	Unisec.	4.6

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 20

Stock	Sales (Hnds)	High	Low	Last	Chng
WstE	1 68	e749	18½	17¾	18⅛	-⅝
WFSL s	70	13	25½	25	25	-¼
WMSB		81	11¾	11¼	11½	+¼
Wavetr		231	8¼	6¾	6½	+⅛
Webb s	36	164	12½	12	12	-¼
WnCasS	2 84	2	45¼	45¼	45¼	-¾
WstFSL		31	7¼	7¼	7¼	-¼
Wicat		502	4⅞	4¼	4⅞	
Widcom		160	5⅞	5¼	5½	
Willm	1 50	x368	34¼	33¼	33¼	-¼
WillAL		446	9¼	9¼	9¼	-⅛
WmsSn		11	10	10	10	-½
WisnF		2136	10⅞	9⅞	9⅞	+1
WisnH	20	132	12½	12½	12½	
X–Y–Z						
Xebec		566	7¼	7	7⅛	-⅛
Xicor		432	10½	9⅝	9¾	-¼
Zeal		10	5	5	5	
Zyad		150	11	10¾	11	
Zondvn	.34	87	10¾	9¾	9⅞	-⅛
Zymos		279	1⅞	1⅝	1⅞	-⅛
Zytrex		225	2⅞	2¼	2½	

Indices

NEW YORK

DOW JONES

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	1984 High	1984 Low	Since Compil'tn High	Since Compil'tn Low
♦Industr'ls	1187.94	1206.16	1206.35	1206.50	1219.19	1286.64 (6.1)	1086.57 (24.7)	1287.7 (19.11.83)	41.22 (2.7.32)
H'me Bnds	71.59	71.54	71.73	71.82	71.82	71.91 (8.11)	64.81 (25.5)	—	—
Transport	616.82	625.67	526.74	527.28	529.96	612.63 (8.1)	444.03 (35.7)	612.63 (8.1.94)	12.32 (8.7.32)
Utilities	143.77	144.23	143.62	144.65	145.21	146.59 (6.11)	122.25 (15.6)	163.72 (20.4.29)	10.5 (28.4.42)
TradingVol 000's	83,140	81,530	73,940	68,780	55,610	—	—	—	—

♦Day's High 1213.01 (1214.22) low 1186.73 (1198.54)

	Nov. 8	Nov. 2	Oct. 26	year ago (approx)
Industrial div. yield %	4.76	4.75	4.80	4.46

STANDARD AND POORS

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	1984 High	1984 Low	Since Comp'ln High	Since Comp'ln Low
Indust'ls	184.17	186.34	186.52	186.38	188.03	191.45 (6.11)	167.74 (24.7)	194.84 (10.10.83)	3.62 (30.6.32)
Comp's'te	164.10	165.89	165.99	165.97	167.36	170.41 (6.11)	147.62 (24.7)	172.15 (10.10.83)	4.40 (1.6.32)

	Nov. 7	Oct. 31	Oct. 24	year ago (approx)
Industrial div. yield	3.95	4.03	3.99	4.01
Industrial P/E ratio	10.89	10.69	10.78	14.18
Long Gov. Bond yield	11.57	11.59	11.59	11.76

N.Y.S.E. ALL COMMON

Nov. 16	Nov. 15	Nov. 14	Nov. 13	1984 High	1984 Low
94.70	95.68	95.74	95.76	98.12 (6.11)	85.13 (24.1)

Rises and Falls

	Nov. 16	Nov. 15	Nov. 14
Issues Traded	1,986	1,878	2,007
Rises	465	652	659
Falls	1,054	840	824
Unchanged	463	486	524
New Highs	18	21	16
New Lows	25	25	19

TORONTO

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	1984 High	1984 Low
Metals & Minerals	1982.1	2014.9	2022.4	2036.9	2524.4 (12.1)	1641.2 (25.7)
Composite	2399.1	2411.6	2415.7	2412.1	2585.7 (6.1)	2079.7 (24.7)
MONTREAL Portfolio	119.48	119.90	120.15	119.67	126.83 (10.1)	100.36 (24.7)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
ATT	1,238,900	18⅝	-⅛	Mobil	997,600	28½	-½
IBM	1,120,000	121½	-1⅛	ITT	986,000	26	-⅞
GTE Corp.	1,101,900	39¾xd	-⅞	Amer Corp.	930,900	30¼	-1
Storage Tec.	1,040,700	2⅞	-⅜	Chrysler	773,400	27⅝	-⅞
Unocal	995,600	41⅝	-1⅝	Fannie Mae	747,000	15¼	+⅛

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	1984 High	1984 Low
AUSTRALIA						
All Ord. (1.1.80)	782.5	779.7	778.4	770.5	787.9 (5/1)	646.5 (18/6)
Metals & Minls. (1.1.80)	476.5	474.6	415.2	475.1	567.4 (5/1)	404.9 (24/7)
AUSTRIA						
Credit Aktien (2.1.62)	57.55	51.56	51.54	57.41	51.67 (1/11)	55.20 (15/6)
BELGIUM						
Belgian SE (31.12.63)	160.52	160.50	151.26	161.55	165.08 (25/10)	185.28 (4/1)
DENMARK						
Copenhagen SE (3.1.83)	170.62	170.65	170.41	170.54	225.21 (20.1)	161.76 (17/10)
FRANCE						
CAC General (31.12.82)	181.0	180.5	180.4	180.8	185.0 (26/10)	155.6 (5/1)
Ind Tendance (30.12.83)	115.6	110.0	110.5	115.0	119.6 (16/11)	99.4 (5/1)
GERMANY						
FAZ Aktien (31.12.58)	368.55	369.26	310.50	370.46	376.58 (22/10)	317.17 (25/7)
Commerzbank (1.12.53)	1078.2	1080.1	1085.0	1082.0	1101.2 (22/10)	511.7 (25/1)
HONG KONG						
Hang Seng Bank (31.7.64)	1071.79	1014.84	1077.96	1066.15	1170.35 (19/3)	746.80 (15/7)
ITALY						
Banca Comm Ital. (1972)	210.84	211.14	211.99	211.55	229.57 (1/2)	192.08
JAPAN**						
Nikkei Dow (16.5.49)	11271.4	11501.6	11520.9	11265.2	11514.1 (5/11)	5705.35 (25/1)
Tokyo SE New (4.1.68)	856.55	856.11	856.93	852.25	576.62 (2/4)	158.45 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	111.5	116.0	118.9	168.0	182.1 (22/10)	146.6 (25/7)
ANP-CBS Indust (1970)	158.4	157.9	146.5	141.1	147.2 (1/2)	115.7 (18/6)
NORWAY						
Oslo SE (4.1.83)	284.20	285.25	253.88	285.41	296.70 (9/5)	221.67 (4/1)
SINGAPORE						
Straits Times (1966)	151.44	804.59	801.70	705.52	1071.91 (5/2)	795.52 (15/11)
SOUTH AFRICA						
Gold (1958)	1088.6	1095.5	1099.0	1094.4	1099.0 (14/11)	758.1 (24/1)
Industrial (1958)	916.5	910.6	904.2	898.2	1165.5 (25/5)	555.5 (19/8)
SPAIN						
Madrid SE (30.12.85)	159.91	150.64	151.63	155.28	154.51 (6/10)	182.82 (5/1)
SWEDEN						
Jacobson & P. (1.1.58)	1511.05	1555.55	1342.55	1355.57	1594.8 (5/2)	1,342.89 (14/11)
SWITZERLAND						
SwissBank Cpn. (31.12.58)	376.9	377.5	673.2	316.8	388.5 (5/1)	354.5 (25/7)
WORLD						
Capital Intl. (1.1.70)	—	186.4	186.6	187.3	190.6 (5/5)	164.8 (24/2)

** Saturday November 17: Japan Nikkei-Dow 11,254.71. TSE 854.46

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. | Excluding bonds. † 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

BUILDING CONTRACTS

£40m for French Kier

FRENCH KIER CONSTRUCTION, a member of the French Kier Group, has been awarded contracts worth £40m. The awards include a £14m development at the Trinity Container Terminal for the Felixstowe Dock and Railway Company. The project provides for berthing extension northwards with about 550 metres of sheet-piled quay face, together with development of the inshore area of about 75 acres. Dredging the new berth and its approaches, and inshore dredging of the sheet-piled quay face, will remove existing silt/clay, which overlie gravel. Replacement by stockpiling reclamation material will follow, and then piling starts. On completion of the wall, the reclamation material will be pumped inshore to form a container stacking area of about 60 acres. Ancillary works include an access road, crane rail track, small buildings, area lighting, and services, including a salt water fire pump installation.

Other contracts include an obstetric unit at Wordsley hospital, for the West Midlands Regional Health Authority (£4.5m), construction of the Mepal by-pass for Cambridgeshire County Council (£2.7m) and the design and construction of factories for Brintons (£3m) and Texas Instruments Inc (£1m). Smith Kline and French, United Kingdom Atomic Energy Authority, Greater London Council, Associated British Ports and the London Borough of Islington have also placed contracts.

Preparing the Docklands

A £9m contract for infrastructure works at Surrey Quays for London Docklands Development Corporation, has been awarded to TAYLOR WOODROW CONSTRUCTION. Work has started and will be completed by spring 1986. Work on the 140 acre site includes highways to adoptable standards; a network of footpaths and cycleways; services associated with the construction of highways including storm water drainage, street lighting and ducting to take electricity and telephone cables; excavation and construction of a water channel from Canada Water to Surrey Water; earthworks and landscaping. This will enable speedy marketing of development parcels of land which is expected to realise £15m. Major components of the regeneration of the area comprise housing, a commercial centre, industry, schools, sporting and other amenities.

*

HADEN YOUNG, building services subsidiary of Haden, has been awarded a contract worth £8.3m by the British Airports Authority for the new North Terminal and associated buildings at London's Gatwick Airport. The project is due for completion early in 1987. Work will comprise air conditioning and mechanical services including heating, gas and water, fire protection and building services management systems. It will be carried out under the overall supervision of French Kier Construction Management.

*

BALFOUR BEATTY CONSTRUCTION has been awarded contracts totalling around £8m. A design and construct contract has been placed by British Aerospace for a laboratory block at Bracknell with associated car parking. The five-storey building will have an in situ concrete frame with brick cladding, an area of 86,400 sq ft, and will be double glazed and fully air conditioned. The £4.50m contract is due for completion in April 1986. Hill Samuel and Co. has awarded a £488,000 contract to construct a development of four shop units at Wallasey, Wirral. A £426,000 contract has been placed by Aintree Racecourse involving a new viewing mound, bases for a temporary stand, prepared areas for courtesy tents and "fast food" areas, together with extensive service and drainage trenches.

Imperial Chemicals Industries has awarded a contract worth over £405,000 for demolition and civil works at the Castner-Kellner works, in preparation for an anhydrous caustic plant. A £1.88m contract has been placed by Norwich Union for the part demolition of a building and construction of a six-storey office block in Spring Gardens in the centre of Manchester. The building will have a reinforced frame tied into the facade of the existing building, which is to be retained.

Headquarters for Rank Xerox

Rank Xerox has awarded a £15.5m building contract to M. J. GLEESON to construct an international headquarters complex at Marlow in Buckinghamshire.

In July, Rank Xerox announced plans for the £30m office centre which will accommodate 850 staff. The decision will mean the relocation of employees from offices in Central London, Uxbridge and Aylesbury.

The new headquarters building will provide about 30,000 square metres of office space and Rank Xerox intends to spend a further £8.5m equipping it with the latest generation of office and telecommunications technology.

Gleeson will start work on site next month and the contract is expected to run for 78 weeks. The building is located on a greenfield site, for which Rank Xerox paid £9m, and the company says it expects to save £2m a year on operational costs by centralising its operations at Marlow.

Rank Xerox is expected to arrange its own funding for the development, although a subsequent sale and leaseback deal involving an institutional investor is likely.

£10m Baghdad apartments

MIVAN OVERSEAS, Northern Ireland and MASCON, in a joint venture agreement have been awarded a £10.25m contract by the State Organisation of Housing, Iraq, to build 1,000 concrete apartments in Baghdad. Funding for this contract is part of the £275m financial protocol agreement signed between the UK and Iraqi Governments in October 1983. The contract will create an additional 40 jobs and involves building 83 three-storey blocks at Saydiya.

AUTHORISED UNIT TRUSTS

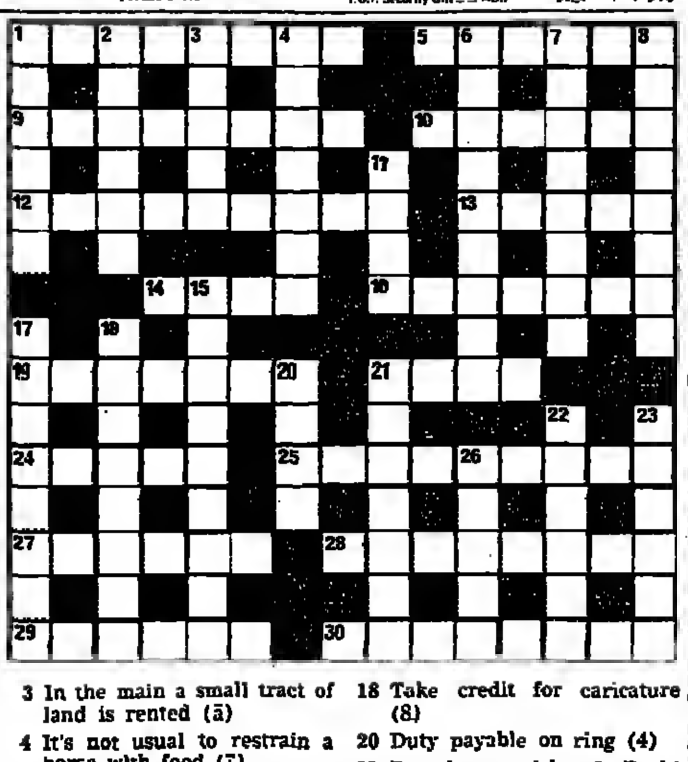
FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,573



ACROSS

1 The company, I hear, also goes in for unlawful practices (8)
5 A craft project (6)
9 Trot with it — this is a final warning (3, 5)
10 Seat is organised for the rest of the afternoon (6)
12 Oversensitive formerly; that can be mentioned (9)
13 Rounded off a catholic education (5)
14 Come very close to a qualification (4)
16 Obliged to take in oxygen to keep going (5, 2)
19 Permit has always included an animal (7)
21 Hold the King's Colour (4)
24 Familiar ingredient in turnover, for example, and batter (5)
25 Securities accepted by the Church many years ago (4, 5)
27 File down the point on the nail (6)
28 The account given to the Minister is correct (8)
29 Long-drawn-out roadworks include roundabout ahead (6)
30 There are three in, not drinking (8)

DOWN

1 Plot where the dividing line will be (6)
2 Successful development is impossible if negative gets cut (2, 4)
3 In the main a small tract of land is rented (5)
4 It's not usual to restrain a horse with food (7)
6 I'm in a state of exhilaration (9)
7 Well-known sect Nero tampered with (2, 6)
8 Way of saving advertising space (8)
11 How Board is paid? (4)
15 Put the stopper on soft drinks dispenser (9)
17 The plant was sound earlier (8)
18 Take credit for caricature (8)
20 Duty payable on ring (4)
21 Run down and hurt? Dash! (7)
22 Complete discretion; superior influence (6)
23 Happened to live on top of a hill (6)
26 Slow down; there's a big barrel in the way (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd
10, St George's St. Douglas. IoM. 0824 25015

Wren Com Fd	12.9	13.3	....	3.10
Chinese Fd	59.0	62.4	....	1.79
PrecMetFd	122.7	127.0	+0.1	0.30
VangCmOyFd	27.4	28.1	+0.0	—
FinFuturesFd	32.0	33.9	+0.0	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg
DynmcGlhFd $9.55 — +0.02 —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 30 Berkeley Sq, W1X EOA. 01-499 6834				
M'hallMnyFd	0.E0	0.84	Qtr	Call
The Money Market Trust 65 Qn Victoria St. EC4N 4ST. 01-236 0952				
Call Fund	10.03	10.33	6mth	Call
7-Day Fund	10.35	10.67	6mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	0.80	10.1E	6mth	Call
7-Day Fund	9.dd	10.23	6mth	7-day
MnyMngAc	9.25	10.11	3mth	Call
Dollar	8.10	8.E0	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.00	10.5E	Qtr	Call
Mth Int Chq	10.00	10.42	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EN. 01-628 0080				
Cheque Acc	0.60	10.03	Mth	Call
Barclays Prime Account PO Box 145, Northampton. 0604 252891				
High Int Chq	0.73	10.11	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circ FC2M 5QL. 01 589 2777				
Cater Allen	10.00	10.471	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row. EC4M 7DH. 01-248 3990				
Sterling	10.00	10.47	Mth	Call
U.S. Dollar	0.00	9.51	Mth	Call
German Marks	5.0	5.19	Mth	Call
Swiss Francs	2.0	2.05	Mth	Call
Japanese Yen	5.0	5.19	Mth	Call
Choulartons 30 Ashley Rd, Altrincham, Cheshire. WA1 7DW. 061-928 0011				
Cheque Acc	10.25	10.75	Mth	Call
Co-operative Bank 78-80 Cornhill EC3. 01-626 6543 Ext 465				
Cheque&Save	8.00	8.24	Qtr	Call
Over £1,000	10.00	10.58	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon, TQ9 61E. 0803 862271				
MnyMktAcs	10.25	10.66	Qtr	Call
Lombard North Central plc 17 Bruton St. W1A 3DH 01-409 3434				
Notice Dep	10.250	10.51	Qtr	14-day
M & G Kleinwort Benson 01-99 New London Rd, Chelmsford. 0245 51651				
HighIntChqAc	0.78	10.25	Daily	Call
Midland Bank plc PO Box 2 Sheffield 0742 20099 Ext 8738				
High Int Chq	9.50	0.80	Qtr	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford, RM1 3LB. 0708 66966				
HighIntMktAC	0.53	10.00	Daily	Call
Premier Acc	0.53	10.00	Daily	Call
Tyndall & Co 29-33 Princess Victoria St. Bristol BS8 4BX 0272 732241				
Demand Acc	9.80	10.16	Qtr	Call
MoneyAcc	10.00	10.39	Qtr	Cheq
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth. 0705 827755				
Special Acc	9.87E	10.55	Mth	Call
Ovr£10,000	10.125	10.60	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. D Yield column shows annualised rates of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22Aug	22F	Treas 15pc 1985	101¼	16.7	14.81	9.50
22S	22Mar	Exch. 12pc Cnv. '85	100½	16.8	11.90	9.48
21N	21My	Treas 3pc 1985	97xd	15.10	3.09	9.31
15Jan	15Jul	Treas 11½pc 1985	101	8.6	13.39	9.79
3Mar	3Se	Treas 8¾pcCnv '85	99	30.7	8.82	9.78
22May	22N	Exch. 12¾pc 1985	102xd	16.10	11.96	9.66
25Aug	25Fb	Exch. 11¾pc '86	102	19.7	11.48	9.67
11Oct	11Apr	Treas. 10pcCnv 1986	100¾	4.9	9.96	9.69
19N	19May	Treas 3pc 1986	92¼xd	15.10	3.25	8.64
19Nv	19My	Exch. 10½pc Cv '86	100¾xd	15.10	10.41	9.87
12Dec	12Jun	Treas 12pc 1986	102xd	5.11	11.66	9.95
10Ja	10Jul	Treas 8½pc 1984-86‡‡	97	4.6	8.70	10.04
29Ap	29Oc	Exch. 14pc 1986	106	24.9	13.10	10.04
21May	21N	Exch. 2½pc 1986	88xd	15.10	2.84	9.13
22Jul	22Jan	Exch. 13¾pc 1987	105¾	15.6	12.54	10.23
10Aug	10Fb	Treas 10¼pcCv '87	99	9.7	10.26	10.23
24Aug	24Feb	Exch 2½pc 1987	86½	18.7	2.89	9.22
6Oct	6Apr	Exch. 10½pc 1987	100	3.9	10.45	10.27
1N	1May	Funding 6½pc '85-87‡‡	92	25.9	7.04	10.13
12Dec	12Jne	Treas. 10pc 1987	99xd	5.11	10.08	10.39
14Jan	14Jly	Treas 3pc 1987	84¾	7.6	3.53	9.59
3May	3Nov	Treas. 12pc 1987	103¾	27.9	11.55	10.50
26Jul	26Ja	Treas 7¾pc 1985-88‡‡	93¼	19.6	8.32	10.30
10Nov	10May	Exch 10½pc '88	100	4.10	10.50	10.52
14Dec	14Jne	Treas 9¾pc Cv '88	97¾xd	7.11	9.98	10.58
1Jan	1Jul	Transport 3pc '78-88	79¾	25.5	3.76	9.73
25Ap	25Oc	Treas. 9½pc '88	96¼	18.9	9.86	10.54
22Aug	22Fb	Treas 11½pc 1989	102	16.7	11.19	10.66
18 Oct	18 Apr	Treas 9½pc Cnv. '89	96¾	11.9	9.83	10.47
14Dec	14Jun	Treas 10½pc 1989	99¾xd	7.11	10.54	10.61
1Feb	1Aug	Exch 10pc 1989	97¼	25.6	10.27	10.72
29 Mr	29 Se	Exch 11pc 1989	101	—	10.89	10.68
15Ap	15Oct	Treas 5pc 1986-89	81¼	10.9	6.17	9.94

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15Jly	15Ja	Treas 13pc 1990‡‡	113¼	8.6	11.90	10.60
22Se	22Mar	Exch. 12½pc 1990	106¾	16.8	11.71	10.80
15D	15Jan	Treas 8¼pc 1987-90‡‡	91xd	8.11	9.01	10.28
25Ap	25Oc	Treas. 10pcCv 1990	97¼	18.9	10.34	10.76
10Jul	10Ja	Treas 11¾pc 1991	106¼	4.6	11.11	10.84
5Oct	5Apr	Funding 5¾pc '87-91‡‡	83	3.9	6.99	9.51
25Ap	25Oc	Exch. 11pc 1991	101¼	18.9	10.89	10.79
22Jly	22Jan	Treas 12¾pc 1992‡‡	113	15.6	11.72	10.92
21Ag	21Fb	Treas 10pc 1992	99	16.7	10.36	10.67
7 May	7 Nv	Treas 10½pc Cv 1992‡‡	100¾	—	10.61	10.69
25Fb	25Ag	Exch. 12¼pc '92	109¾	19.7	11.50	10.91
22Mar	22Sp	Exch 13½pc 1992	114¾	16.8	11.98	11.02
14Ja	14Jy	Treas 12½pc 1993‡‡	113	7.6	11.51	10.92
15Mar	15Sp	Funding 6pc 1993‡‡	79¼	9.8	7.67	9.74
23May	23N	Treas 13¾pc 1993‡‡	115¾xd	17.10	11.88	10.95
1 Sept	1 Mar	Treas 14½pc 1994‡‡	123¾	26.7	12.01	10.89
27Oct	27Apr	Exch 13½pc 1994	115¾	20.9	11.79	10.99
22F	22Aug	Exch. 12½pc 1994	112¼	16.7	11.46	10.95
17May	17N	Treas 9pc 1994‡‡	91xd	11.10	9.90	10.48
25Jul	25Ja	Treas 12pc 1995	110¼	18.6	11.29	10.94
1Nov	1May	Gas 3pc '90-95	64¼	25.9	4.68	8.18
21Jan	21Jly	Exch. 10¼pc 1995	99¾	14.6	10.65	10.85
15May	15N	Treas 12¾pc 1995‡‡	112xd	9.10	11.40	10.87
22Jly	22Jan	Treas. 14pc '96	123¾	15.6	11.76	10.98
15S	15Mar	Treas 9pc 1992-96‡‡	91¾	9.8	9.97	10.49
3Nov	3May	Treas 15¼pc 1996‡‡	128	27.9	11.98	11.00
15Nov	15May	Exch 13¼pc 1996‡‡	115¾xd	9.10	11.45	10.83
1Ap	1Oc	Redemption 3pc 1986-96	69¼	28.8	4.36	6.88
22Jul	22Ja	Treas 13¼pc 1997‡‡	120¾	15.6	11.38	10.78
21Aug	21F	Exch 10½pc 1997	101½	16.7	10.63	10.66

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
F May Aug N	Abbott Labs	33½	10.10	$1.20	—	2.9
Mr Ju Se De	Ahmanson (H F.)	19½	—	$1.20	—	5.0
F My Ag N	Alcoa $1	28½	30.4	$1.20	—	3.4
Mr Ju Se Dc	Allied Corp $1	27xd	5.11	$1.80	—	5.4
My Jly S D	Amax $1	14¼xd	5.11	20c	—	1.1
F My Au Nv	Amdahl 5c	862p	11.4	20c	—	1.9
F.M.A.S.	Amer. Express $0.60	27½	3.1	$1.28	—	3.8
F My Au N.	Amer Medical Int $1	17xd	5.10	60c	—	2.9
May Au No Fb	Amer. Nat. Res. $1	29¼	10.10	h$1.41	—	3.9
Ap Jy Oc Ja	American T. & T. $1	14¾	27.3	$1.20	—	6.5
My Au N F	Ameritech $1	58¼	—	$6.00	—	8.3
Mar Ju S D	Amfac	18¼xd	16.11	$1.44	—	6.4
—	♥AradTech	29½p	—	—	—	—
Fb My Au N	Bankamerica $1	14¾xd	9.11	$1.52	—	8.3
Ap Jly Oc Jan	Bankers N Y. $10	43	29.3	$2.45	—	4.6
My Au N Fb	Bell Atlantic $1	61¾	27.5	$6.40	—	8.5
Fb My Au N	Bellsouth $1	25¾xd	25.9	$2.60	—	8.2
Mar Jun S D	♥Beth Steel $8	13½	4.11	60c	—	3.6
Oc Ja Ap Jy	Bowater Inc.	17	—	72c	—	3.4
Ja Ap Jly O	Brown'g-Fer. 16⅔c	27¼	13.6	96c	—	2.8
F My Au N	Brunswick Corpn	26¼	22.10	80c	—	2.5
—	♥Business Computer	544p	—	—	—	—
Jan Ap Jly O	CPC Intl. 25c	31¼xd	25.6	$2.20	—	5.6
Mar. June S.D.	CalFed Inc $1.00	12	9.8	32c	—	2.5
Oc Ja Ap Jy	Campbell Soup 60c	53¾	3.4	$2.30	—	3.5
F My Au N	Caterpillar Tractor	25¾	17.10	50c	—	1.6
Fb.My.Ag.Nv.	Chase M'htn $12.5	34¼xd	10.8	$3.65	—	8.5
Ap Jy Oc Ja	Chemical New York	25¾	12.1	$2.36	—	7.5
Mar Jun S D	Chesebrough-Pond's $1	29¾	29.8	$1.92	—	5.3
Mar Jun S D	Chrysler $6¼	22½	12.3	60c	—	2.2
My Au N F	Citicorp $4	28¼	27.1	$2.06	—	5.9
My Au N F	City Inv. $1.25	30	26.3	$2.00	—	5.4
F My Au N	Colgate-P. $1	19¾xd	20.7	$1.28	—	5.3
Oc Ja Ap Jly	Cons. Foods $1⅓	26	29.8	$1.32	—	4.0
F May Au N	Cont. Illinois $5	406p	27.3	—	—	—
—	♥Corporate Data Scnce	377p	—	—	—	—
Apr Jly O Ja	Crown Zell. $5	23¼xd	6.9	$1.00	—	1.4

CANADIANS

BANKS, HP AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Nov May	Martin-Black	22	5'79	—	—	—	—
—	♦Mathesons 7¼%	£89	30 6	Q7¼%	2.3	9.0	—
Jan. June	Metal Box £1	368	18 6	15.0	3.0	6.0	6.1
Nov June	Metal Closures	134	17.9	6.3	2.3	6.7	(7.4)
—	♦Metal Sciences 2½p	12	—	—	—	—	—
April Dec.	Metamec Jentique	8½	12.12	0.01	—	—	—
July Jan	♦Midland Marts	100	14.5	4.0	1.8	5.8	12.5
Jan May	Mitchell Cotts	69½	12.3	4.0	1.5	8.5	9.5
July Dec.	Molynx Grp 1p	15	9 4	‡0.5	2.5	4.8	(9.5)
Jan. July	Morgan Crucible	169xd	12.11	17.5	1.2	6.3	(17.1)
May	♦Morris (W) Fine Arts	17	—	bq0.25	4.0	2.1	15.6
Jan. Aug	Moss (Robt.) 10p	100	4.6	†2.5	2.9	3.6	12.0
May Nov	♦NMW Computers	267	25.10	6.0	3.0	3.2	14.9
Mar Sept.	Nash Inds.	43	13.8	4.0	2.2	13.3	3.0
Oct. April	Neil & Spencer 10p	40	3'81	—	—	—	17.2
Jan July	Newman Industries	21	12'79	—	—	—	(11.8)
Jan July	Do. 10pc Cn.Cov.Pf.	28½xd	12.11	10%	—	7.0	—
April Oct	Nolton	45	12.12	1.1	♦	3.5	♦
Jan. Aug.	Norcros	177	16.7	7.5	2.4	6.1	9.3
Oct. April	No-Swift 5p	59	29.10	—	3.2	—	7.7
Feb. Aug.	Oakwood Grp.	78	30.1	‡6.5	—	‡	—
Jan. June	Office & Elect	141	29.10	5.24	4.2	5.3	6.5
—	Oldacre 20p	100	—	‡4.0	2.6	5.7	9.6
May Nov	Oriflame Intl SA	659	1.10	†053c	2.2	6.8	6.7
Jan. June	Owenstone 12½c	23xd	12.11	‡04.5c	2.2	‡	5.3
May Nov.	Ozalid 9pc Cnv 87-92	£152	15.10	Q9%	—	‡6.1	—
—	♦PCT Grp 10p	125	29.10	g4.8	2.9	5.3	7.6
—	PLM 'B' Sk 25	£11	—	Q20%	3.2	4.2	7.4
—	♦Pacific Sales 10p	52	—	h2.4	2.2	6.6	(7.9)
April Oct.	Parker Knoll 'A'	169	1.10	9.0	2.8	7.6	6.6
Feb. Aug.	Pauls	217	2.7	8.5	2.8	5.6	7.9
June Nov	Pearson	583	17.9	†14.0	3.0	3.4	11.6
—	Peck Holdings	19	—	—	—	—	—
Mar Oct	Peerless	93	3.9	6.3	1.4	9.7	9.4
June Nov.	Pentland 10p	265	3.9	†‡1.74	4.1	0.9	28.2
Oct. July	Pentos 10p	29	9'80	B—	—	—	51.4
September	Phillips Patents	47	15.10	1.25	—	3.8	—
May Dec.	Photo-Me 50p	840	16.10	9.45	6.6	1.6	11.7
Feb. Aug.	Pilkington Br. £1	300	2.7	11.5	2.7	5.5	7.5
June Dec.	Pitney-Bowes Cnv. Ln.	£210	14.5	Q5½%	—	2.6	—

LEISURE—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—	♦Nomalo Int 20c	28	—	—	—	—	—
	For Norton Opax see Paper, Printing						
July	♦Owners Abroad	17	9 4	0.75	6.1	6.3	3.1
June Nov	Photax (Lon.)	46	4'82	—	—	—	—
—	♦P'dilly Radio NV 5p	22½	13.0	01.88	1.0	11.9	11.3
December	♦Pineapple Dnc 5½ 10p	80	14.11	d1.5	4.0	2.7	10.1
Sept. Apr.	Pleasurama 5p	355	17.9	6.5	4.7	2.6	11.5
—	♦Pres Entertain 10p	17½	—	bq0.02	2.8	0.2	22.2
Feb-July	♦Radio City 'A' NV	70	18.6	5.6	1.0	11.4	6.5
—	♦Radio Clyde N/V	57	4.6	3.0	1.4	7.5	13.3
July Jan	Riley Leisure 10p	33	29.10	g4.2	2.4	g	2.7
Apr. Nov.	Saga Hols. 20p	135	3.9	†3.75	1.6	4.0	22.6
April	Samuelson Grp £1	928	1.10	13.3	3.6	2.1	17.1
—	♦Sangers Photo 10p	25	29.10	bq1.25	1.0	7.1	11.3
—	♦Scaero 50p	145	—	bq3.68	2.2	3.6	17.6
Dec May	Scott. TV 'A' 10p	172	29.10	†8.1	2.9	6.7	[illegible]
—	SeaCo Inc $0.125	307	31.1	—	—	—	—
—	♦SelecTV 10p	34	—	—	—	—	—
—	♦Spectrum 5p	142	—	g2.0	4.0	2.0	14.9
May Nov	TSW 5p	32½	29.10	1.5	0	6.6	♦
March	TVS N/Vtg 10p.	143	2.7	5.0	♦	5.1	♦
—	♦Television Svcs 50p	120	17.9	1.5	4.2	1.8	34.8
—	Tottenham Hotspur	29	—	d2.3	1.6	7.5	[illegible]
Oct Apr	Trid'nt TV 'A' 10p	149	18.6	†5.5	1.8	5.3	14.7
—	♦21st Century Dist	144	—	—	—	—	—
Dec	♦Tyne Tees TV 'A' £1	155	4.6	8.25	2.4	7.6	8.0
Jan July	Ulster TV N/V 'A'	200	29.10	4.75	♦	6.8	♦
April Sept	Webb (Jos.) 5p	23	13.8	d0.51	1.0	3.2	45.6
Apr. Nov.	Zetters 5p	91	17.9	3.25	3.0	3.1	9.3

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—	BL 50p	40	—	—	—	—	—
Mr Jn Sp D	Gen. Mts. Undr.	325	10.2	Q12c	—	3.0	—
May Nov	Honda Motor Y50	414xd	12.11	Q23%	8.6	0.8	13.7
—	Jaguar	213	—	b7.75	2.8	5.9	7.8
Jan Oct	Lotus Car 10p	69	11'81	—	—	—	(34.8)

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Finance, Land, etc

MINES—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
	Central African					
Jan June	Falcon Z50c.	150	29.10	Q100c	♦	38.9
Nov. May	Wankie Col Z$1	9½	25.4	—	—	—
October	Zam Cpr SBD0.24	14½	9'80	—	—	—
	Australians					
—	♦ACM 50c	51½	—	—	—	—
—	♦Allstate Expl'n. NL	28	—	—	—	—
—	♦Asia Oil & Minerals	4	—	—	—	—
—	♦Aust. Hydrocarbon NL	10	—	—	—	—
—	♦Australis Mng N L	16	—	—	—	—
—	♦Balmoral Res.	22	—	—	—	—
—	♦Black Hill Mins	24	—	—	—	—
December	♦Bond Corp	116	—	Q10c	♦	6.2
Nov. Apr	♦Bougainville 1 Kina	134	11 3	‡Q16.4c	1.2	‡
May Nov	♦CRA $2	374	11.3	†Q12c	1.5	2.2
—	♦Carr Boyd 20c	69	—	—	—	—
—	♦Central Kalgoorlie	21	—	—	—	—
—	♦Central Pacific	33	—	—	—	—
—	♦Cons Gld Mg Areas NL	3½	—	—	—	—
—	♦Coopers Res NL	6½	—	—	—	—
—	♦Cultus Pac NL	10¼	—	—	—	—
—	♦Eagle Corp 10c	6½	5 9	—	—	—
—	♦Emperor Mines	193	—	—	—	—
—	♦Endeavour 20c	10½	—	—	—	—
—	♦Enterprise Gld	30	—	—	—	—
—	♦Forsayth Oil Gas	25	—	—	—	—
—	♦Gem Exp & Minerals	58	—	—	—	—
Apr Oct	♦GM Kalgoorlie 25c	455	29.9	Q30c	4	4.7
—	♦Great Eastern Mns.	17	—	—	—	—
—	♦Great Victoria Gold	40	—	—	—	—
—	♦HMC Aust NL 20c	7	—	—	—	—
—	♦Haoma NW	13½	—	—	—	—
—	♦Hill Minerals N L	29	17.10	—	—	—
—	♦Indian Ocean (1982)	35	—	—	—	—
—	♦Ivanhoe Gld NL	6½	—	—	—	—
—	♦Jingellic Mnls	42	—	—	—	—
—	♦Kalbara Min 20c	12	—	—	—	—
—	♦Kia Ora Gold N L	10¼	—	—	—	—
—	♦Kitchener NL 25c	142	—	—	—	—
—	♦Meekatharra 25c	95	—	—	—	—
October	♦Metals Ex 50c	35	9'81	—	—	—
—	♦Metana Minerals N L	185	—	—	—	—
—	♦Metramar Mins 20c	37	—	—	—	—
Oct. Apr.	♦MIM Hldgs 50c	198	12 2	Q5c	0 7	1 8
—	♦Minefields Expl 25c	31½	—	—	—	—
—	♦Newmetal 20c	33	—	Q6c	2 4	13 9
June Nov	♦North B Hill 50c	155	19 11	Q9c	1 5	4 1
—	Nth Kalgurli	44	—	—	—	—
May Nov.	♦Oakbridge 50c	51	30 4	†Q7c	1 3	‡
—	♦Otter Expl'n. NL	35	—	—	—	—
—	♦Pancont'l 25c	88	—	—	—	—
—	♦Pan Pacific Pet NL	6	—	—	—	—
—	Paringa Mng/Exp 5p	76	—	—	—	—
Apr. Oct	♦Peko-Wallsend 50c	382	15.3	Q9c	♦	0 8
—	♦Pelsart Res NL	13½	—	—	—	—
—	♦Portman Mining NL	17	—	—	—	—
—	♦Queen Margaret Gold	16	—	—	—	—
October	♦Renison 50c	276	17 9	Q10c	0 4	2 3

Tins

Miscellaneous

NOTES

‡ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
§ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
¶ No par value
B Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price		Stock	Price	
Albany Inv 20p	86	....	Arnott	160xd	....
Craig & Rose £1	£11	....	CPI Hldgs	55	....
Finlay Pkg. 5p	42	....	Carroll Inds.	118	....
Higsons Brew	85	....	Dublin Gas	65	....
Holt (Jos) 25p	890	....	Hall (R. & H.)	40	....
IoM Stm. £1	110	....	Heiton Hldgs.	15½	....
IRISH			Irish Ropes	85	....
Exch. 12% 1985	£99	+⅛	Jacob (W & R.)	64xd	....
Nat. 9¾% 84/89	£83½	−¼	TMG	67	....
Fin. 13% 97/02	£88½	−1	Unidare	77	....

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	15	Hawker Sidd	38	Vickers	18
BOC Grp.	24	Hse of Fraser	28	Woolworth Hldg	80
BSR	15	ICI	50		
Babcock	13	'Imps'	14	**Property**	
Barclays Bank	42	Jaguar	10	Brit Land	14
Beecham	30	Ladbroke	28	Cap Counties	18
Blue Circle	46	Legal & Gen	42	Land Secs	24
Boots	18	Lex Service	32	MEPC	30
Bowaters	36	Lloyds Bank	42	Peachey	24
Brit Aerospace	34	'Lots'	1½	Samuel Props	14
BAT	22	Lucas Inds	24	Sterling Guar.	5½
Brown (J.)	3	'Mams'	14		
Burton Ord	32	Marks & Spcr	10	**Oils**	
Cadburys	14	Midland Bk	33	Brit. Oil & Min	4½
Comm Union	15	NEI	♦	Brit Petroleum	38
Courtaulds	11	Nat West Bk	54	Burmah Oil	19
Debenhams	19	P & O Dfd	24	Charterhall	6
Distillers	24	Plessey	20	Premier	6
Dunlop	5	Racal Elect	24	Shell	55
FNFC	7	RHM	10	Tricentrol	22
Gen Accident	42	Rank Org Ord	24	Ultramar	22
Gen Electric	28	Reed Intnl	50		
Glaxo	90	Sears	7	**Mines**	
Grand Met	26	TI	18	Charter Cons	22
GUS 'A'	55	Tesco	8	Cons Gold	42
Guardian	58	Thorn EMI	42	Lonrho	14
GKN	16	Trust Houses	12	Rio T Zinc	60
Hanson Tst	22	Turner Newall	9		
		Unilever	85		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100% — JAPANESE YEN Y12.5m $ per Y100 — U.S. TREASURY BONDS 8% $100,000 32nds of 100% — THREE-MONTH STERLING £250,000 points of 100% — CHICAGO U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — 20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100% — U.S. TREASURY BILLS (IMM) $1m points of 100% — STERLING £25,000 $ per £ — CERT. DEPOSIT (IMM) $1m points of 100% — DEUTSCHE MARKS DM 125,000 $ per DM — THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — SWISS FRANCS SwFr 125,000 $ per SwFr — STERLING (IMM) Se per £ — FT-SE 100 INDEX £25 per full index point — GNMA (CBT) 8% $100,000 32nds of 100%

FT-SE 100 INDEX

	Close	High	Low	Prev
Dec	117.95	118.00	117.00	117.25
March	118.00	—	—	117.40
June	118.30	—	—	117.75

Est volume 168 (2531)
Previous day's open int 832 (890)

GNMA (CBT)

	Close	High	Low
Dec	68-19	68-24	
March	67-27	68-01	
June	67-09	67-14	
Sept	68-28	66-26	
Dec	66-10	65-15	
June	65-24	—	

WEEKLY CHANGE IN WORLD INTEREST RATES

	Nov. 10	change		Nov. 16	change
LONDON			**NEW YORK**		
Base rates	10	Unch'd	Prime rates	11¾	Unch'd
7 day interbank	10½	−1/16	Federal funds	9 5/16	Unch'd
3mth interbank	10 1/16	−1/16	3 Mth. Treasury Bills	8.55	−0.14
Treasury Bill Tender	9.0438	−0.4185	6 Mth. Treasury Bills	8.80	−0.10
Band 1 Bills	10	Unch'd	6 Mth. C D	9.35	Unch'd
Band 2 Bills	9⅞	Unch'd	**FRANKFURT**		
Band 3 Bills	9¾	Unch'd	Lombard	5.56	Unch'd
3 Mth. Treasury Bills	9⅛	−⅛	One Mth. Interbank	5.05	Unch'd
1 Mth. Bank Bills	9 9/16	−1/16	Three month	5.85	−0.05
3 Mth. Bank Bills	9¼	−½	**PARIS**		
TOKYO			Intervention Rate	11	Unch'd
One month Bills	6.04375	+0.125	One Mth. Interbank	10¾	Unch'd
Three month Bills	6.66125	−0.0625	Three month	10⅝	
BRUSSELS			**MILAN**		
One month	10¾	−1/16	One month	17 1/16	Unch'd
Three month	10¾	−1/16	Three month	17 1/16	Unch'd
AMSTERDAM			**DUBLIN**		
One month	5 11/16	Unch'd	One month	13¾	+¼
Three month	6	+1/16	Three month	13⅛	+⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 9⅝.

FOREIGN EXCHANGES

A firmer but nervous dollar

BY COLIN MILLHAM

A weaker dollar might have been expected from the factors surrounding the currency last week, but it proved surprisingly resilient, refusing to move outside a fairly limited trading range.

The dollar rose above DM 2.70 on Friday, before slipping back a little, to close at DM 2.9675. There was no intervention by the German Bundesbank, but on Wednesday the German central bank sold dollars at around the DM 2.9626 level, and temporarily pushed the U.S. currency down to around its finishing point of the previous week at DM 2.9450.

The action by the Bundesbank was not heavy however, probably involving only about $50m, plus another $20.5m at the Frankfurt fixing.

After a sharp attack of nerves the market recovered, and recovered again later in the week after further action by the Bundesbank. At the moment the German authorities do not wish to spend too much in the defence of the D-mark, but prefer to keep dealers guessing when the next move will come.

The week began quietly, with New York banks closed for Veterans Day, and trading remained rather lacklustre, without any major surprises or news to excite the market. Figures released, including October retail sales on Wednesday, tended to confirm that the fast pace of U.S. economic growth has slowed.

A slowdown in growth is expected to encourage the Federal Reserve to further ease its monetary policy, which has been the major factor leading to lower interest rates and a weaker dollar. On the other hand there is some fear that the slower growth will produce less Government revenue through taxation and increase the Budget deficit, which is already likely to top $200bn this financial year. This in turn may prevent interest rates from falling as much as hoped, and also prevent the dollar from declining as sharply as some observers have suggested.

This is producing a rather confused and nervous scene at present and detering dealers from moving the dollar out of a fairly tight range.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Nov. 16	Previous
8.30 am	—	—
9.00 am	76.4	76.6
10.00 am	76.3	76.5
11.00 am	76.3	76.5
Noon	76.3	76.6
1.00 pm	76.3	76.4
2.00 pm	76.4	76.5
3.00 pm	76.5	76.5
4.00 pm	76.4	76.5

£ in New York

	November 16	Prev. close
£ Spot	$1.2555-1.2565	$1.2565-1.2585
1 month	0.04-0.03 pm	0.04-0.03 pm
3 months	0.01-0.05 dis	par-0.04 dis
12 months	0.98-1.08 dis	1.05-1.15 dis

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Nov 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2535-1.2635	1.2545-1.2595	0.05-0.02c pm	0.33	0.01-0.05dis	−0.10
Canada	1.6550-1.6620	1.6555-1.6565	0.36-0.31c pm	3.83	1.06-0.96pm	3.93
Nethlnd.	4.18¾-4.22½	4.19½-4.19¾	0.16-0.21c dis	−1.78	0.41-0.46dis	−1.32
Belgium	75.05-75.55	75.05-75.15	1.03-1.00c pm	3.85	3.14-3.11pm	3.74
Denmark	12.43-13.51	13.43-13.44	4¼-5¼c dis	−1.00	9-11dis	−0.67
Ireland	1.2005-1.2060	1.2040-1.2060	1.15-1.65ore dis	−1.67	2.75-3.25dis	−3.24
W. Ger.	3.71½-3.74½	3.71½-3.72½	0.98-0.93pf pm	3.87	2.90-2.95pm	3.88
Portugal	202.00-204.00	202.00-203.40	150-450c dis	−22.29	450-1350dis	−22.29
Spain	209.00-209.60	209.00-209.20	53-83c dis	−4.16	145-165dis	−3.73

Belgian rate is for convertible francs. Financial franc 75.20-75.30. Six-month forward dollar 0.21-0.28c dis. 12-month 1.00-1.15c dis.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.2560	1.2547	1.2563	1.2574	1.2668
D-Mark	3.7200	3.7073	3.6858	3.6580	3.6029
French Franc	11.4200	11.4298	11.4664	11.5231	11.5686
Swiss Franc	3.0700	3.0565	3.0339	3.0067	2.9413
Japanese Yen	304.50	303.63	302.04	300.04	295.34

BANK OF ENGLAND TREASURY BILL TENDER

	Nov. 16	Nov. 9		Nov. 16	Nov. 9
Bills on offer	£100m	£100m	Top Accepted rate of discount	9.0438%	9.4659%
Total of applications	£821m	£470.20m	Average rate of discount	9.0438%	9.4693%
Total allocated	£100m	£100m	Average yield	9.25%	9.69%
Minimum accepted bid	£97.745	£97.64	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	100%	44%			

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Nov 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2535-1.2635	1.2545-1.2595	0.05-0.02c pm	−9.33	0.01-0.05dis	−0.10
Ireland†	1.0450-1.0505	1.0450-1.0480	0.14-0.28c dis	−1.34	0.52-0.65dis	−1.41
Canada	1.3146-1.3162	1.3146-1.3150	1½-1¼c pm	4.11	4¼-3¼pm	3.76
Nethlnd.	3.3215-3.3475	3.3435-3.3445	1-6c dis	−9.98	11-19dis	−0.80
Belgium	59.67-60.00	59.90-60.00	1½-2½ore dis	−1.90	6¼-7¼dis	−2.16
Denmark	10.69¼-10.71¼	10.70¼-10.71	0.25-0.40p dis	−3.24	1.04-1.27dis	−3.67
W. Ger.	2.9525-2.9720	2.9670-2.9680	1½-1¼pf pm	4.43	3½-3¼pm	3.83
Portugal	161-162	161-162	160-595c dis	−22.06	595-1715dis	−22.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 60.05-60.10. Above average activity was noted in the following stocks yesterday.

OTHER CURRENCIES

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10⅛-10¼	8¾-9⅛	11⅝-11⅞	0⅛-5⅝	1¼-1⅝	5⅞-5⅝	11-11⅛	14¾-15¾	11-11½	10⅞-11⅛	6-6¼	18-18⅛
7 days' notice	9 15/16-10 1/16	9⅛-9⅛	11⅝-11⅞	5⅝-5¾	1⅛-1⅛	5⅞-5⅝	10⅞-11	14⅝-15⅝	10¾-11¼	10¾-11	6⅛-6⅜	11¾-18¼
Month	9 11/16 9 13/16	9⅛-9⅛	11-11¼	5¾-5⅞	4⅛-4⅝	5⅝-5⅝	10 13/16-10 15/16	15-15½	10⅛-11	10⅝-10⅞	6⅝-6⅛	11¾-12¼
Three months	9⅝ 9 13/16	8⅞ 9⅛	11-11¼	6 0⅛	5⅝-5⅞	5⅝-5⅞	11¼-11⅝	15¼-15⅝	10⅛-11	10⅝-10⅞	5⅝-6⅛	11⅝-11⅞
Six months	9 7/16 9 11/16	9⅞ 10	11-11¼	6⅛ 6¼	5 7/16-5 11/16	5⅞ 5 13/16	11⅛-11⅝	15⅝-15¾	20½-11	10⅝-10⅞	5⅝-6⅛	11½-12¼
One year	9⅞ 9 13/16	10½-10⅝	11¼-11⅝	5 7/16 5⅝	5 5/16-5 9/16	0⅞ 5 11/16	10 15/16-12 1/16	15¼-16⅛	10¾-11¼	10⅝-10⅞	5⅝-6⅛	11 9/16-15 9/16

Asian $ (closing rates in Singapore): Short-term 9½-9⅝ per cent; seven days 9½-9⅝ per cent; one month 9 7/16-9 9/16 per cent; three months 9 13/16-9 15/16 per cent; six months 9 15/16-10 1/16 per cent; one year 10⅝-10⅞ per cent. Long-term Eurodollars: two years 11⅝-11⅞ per cent; three years 12-12¼ per cent; four years 12¼-12½ per cent; five years 12¼-12½ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Waiting for a base rate signal

The Bank of England rolled forward a considerable amount of last week's money market shortage, because the discount houses did not wish to sell bills outright at the existing official dealings rates.

On three days the authorities offered an early round of assistance, but only on Monday were any bills sold that time, and then only £1m of eligible bank bills. Some bills were offered for sale by the houses, but at rates that would have signalled an immediate cut in clearing bank base rates, which was not considered appropriate at the time.

Apart from the very large amount rolled forward in market shortages, further large sums are likely to be drawn from the market around the end of the month to pay for the British Telecom share issue.

The options open to the authorities, to alleviate the shortages which will again be created during the next month, as bill repurchase agreements mature and British Telecom shares are taken up include another gilt repurchase agreement with the banks. The last agreement expired on Wednesday, draining some £709m from the market, but was not renewed.

Opinions are somewhat divided on the timing of the next reduction in base rates, but the favourite period is centred around November 28 or 29 to coincide with the Government's latest candidate for denationalisation.

Money market rates fell steadily at the beginning of the week, but then stabilised after reaching a level discounting another cut of ½ per cent to 9½ per cent in base rates. Three-month interbank ended the previous week at 10 3/32 per cent, declined to 10 3/32 per cent on Monday, to 9⅞ per cent on Tuesday and finished on Friday at 9 13/16 per cent.

Assuming that base rates are down to 9½ per cent by the end of November, the next move is likely to depend to a large extent on events in the U.S., and whether the Federal Reserve continues to ease its monetary stance.

It appeared from the Federal Reserve's intervention in New York to add reserves to the banking system last week, and by the low increase in borrowings by the commercial banks at the Fed's discount window, that a further easing has taken place. The Federal funds rate was very steady at around 9 5/16 per cent however, and although sentiment in the credit markets was good, it would be better on both sides of the Atlantic if the U.S. central bank cut its discount rate.

UK clearing banks' base lending rate 10 per cent *since November 7*

MONEY RATES

Nov. 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.60	11¼	1⅛-1⅝	0⅛-5⅛	6.03125	16⅞-17¼	11.00	13⅝-13⅝
One month	5.60-5.70	10 11/16-10 13/16	4⅛-4⅝	5⅝-5¾	6.34375	16⅞-17¼	10⅝-10⅞	13⅝-13⅞
Two months	5.90-6.05	10 9/16-10 11/16	—	—	—	—	—	13¾-14
Three months	5.90-6.00	10 9/16-10 11/16	5 5/16-5 7/16	9 13/16-5 15/16	6.28125	17¼-17¼	10⅝-10⅞	13¾-14
Six months	5.90-6.00	10 9/16-10 11/16	—	6 1/16-6 3/16	—	—	10⅝-10⅞	13¾-14
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11	—	0¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Nov. 16 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	3 11	10⅛-10¼	8½-10¾	3-10¼	—	—	—	—	—
2 days notice	—	—	10-10⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10-10⅛	10-10⅛	10⅜-10¾	—	—	—	—	—	—
One month	9 13/16-9 15/16	9 15/16-10⅛	10	10⅛-10¼	10	—	—	—	—	—
Two months	9¾-9⅝	9 13/16-9 15/16	8⅞	10	9⅝-9¾	9⅝	9 7/16	9 11/16-9⅝	9 11/16-9⅝	10¼
Three months	9¾-9 15/16	9¾-9⅞	9¾	10	9½	9⅜	9 9/16	9⅝-9 7/16	9 9/16	10
Six months	9 11/16-6 15/16	6¾-9⅞	9¾	—	9⅝	9 7/16	6⅛	9 9/16-9¼	9⅛	9 9/16
Nine months	9 13/16-9 15/16	6¾-9⅞	—	—	—	—	—	9 9/16-9¼	9⅛	9 9/16
One year	9 11/16-9 15/16	9⅞-9 15/16	9⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10⅜-10⅛	—	9⅞	8.3-8.4	8 9/16-8 11/16	9 7/16-9⅝
Two months	10¼-10	—	9⅞	8.35-8.45	8⅝-8⅞	9 9/16-9¾
Three months	10¼-6⅞	—	9 11/16	8.45-8.55	8 11/16-8 11/16	9 9/16-9¾
Six months	6 11/16-6 11/16	—	9 11/16	8.65-8.75	8⅞-9⅛	9⅝-9 13/16
Nine months	10⅛-9⅞	—	9⅞	10.1-10.2	—	—
One year	10⅛-9⅞	—	10	10.5-10.5	9 7/16-6 7/16	9 13/16-10⅛
Two years	—	10⅜	—	—	—	—
Three years	—	10½	—	—	—	—
Four years	—	10⅝	—	—	—	—
Five years	—	10¾	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period October 3 to November 6 1984 (inclusive): 10.818 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7¾ per cent. Treasury Bills: Average tender rates of discount 9.0438 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¾ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent. Under £100,000 9¾ per cent from November 7. Deposits held under Series 9 10¼ per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. November 16)

3 months U.S. dollars	
bid 8 5/8	offer 8 3/4

6 months U.S. dollars	
bid 7 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

Prime rate	11¾
Broker loan rate	10¾-10½
Fed funds	9 5/16
Fed funds at intervention	9 5/16

Treasury Bills

One month	7.30
Two month	8.35
Three months	8.56
Six month	8.80
One year	9.02

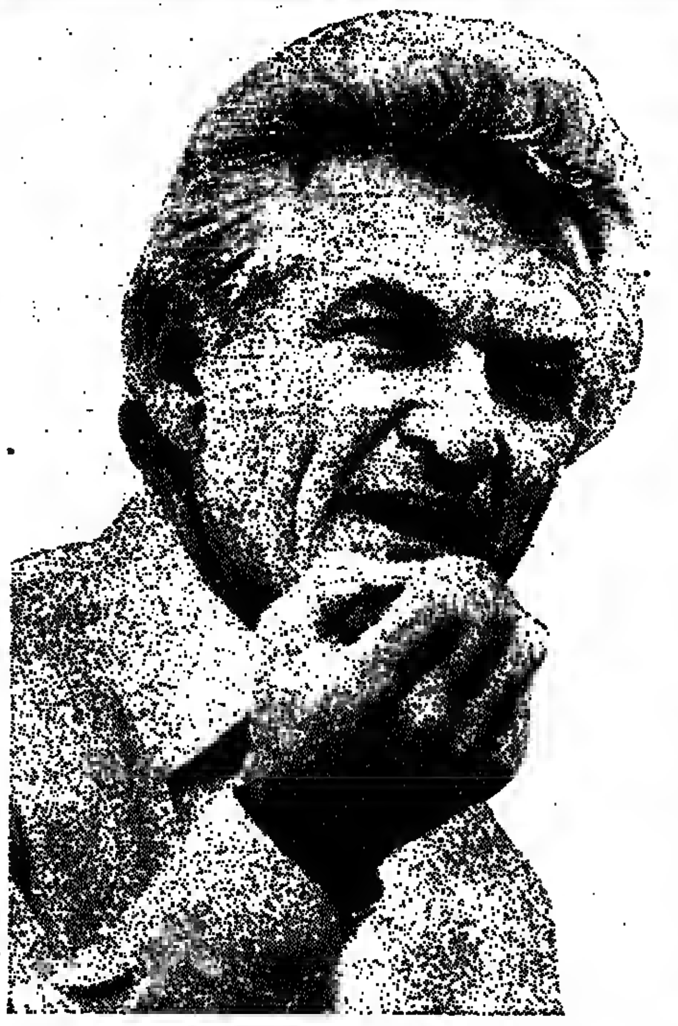
Treasury Bonds

Two year	101½
Three year	100 9/32
Four year	100 22/32
Five year	104 11/32
Seven year	103
10 year	99 21/32
30 year	100 21/32

FINANCIAL TIMES SURVEY

AUSTRALIA

The Hawke ascendancy



● *Prime Minister Bob Hawke: stamping his authority across the nation.*

On December 1, Australia goes to the polls for a general election in which Mr Bob Hawke's fledgling Labor Government seems almost certain to gain re-election. Since March, 1983, Mr Hawke has governed with style and conviction. Australia, he maintains, is now a more cohesive society. Equally, Labor claims that Australia now has the opportunity to launch itself on to a new growth path.

But not all observers are impressed. In the view of some critics, the "Lucky Country" — rich in land and resources — still has its head in the sand.

TAKE A snapshot of Australia, and familiar images swim quickly into focus:

Australia has a small population (15.2m), and a very large land-mass. It is isolated from its cultural roots, and at a great remove from trading partners. It is rich in resources.

The climate is mild to tropical, and poverty scarce. In the view of some academics, Australia's economy has been performing relatively badly for a very long time.

Michael Thompson-Noel reporting from Sydney

Australia has only a little history, and an attitude to its future that borders on the casual. Occasionally it joins in other people's wars, yet if an aggressor appeared tomorrow it could not defend its island-continent.

Periodically, Australia is said to be suffering a "crisis of identity" — assuaged, you would assume, by its penchant for elections. In 12 days' time, on December 1, Australia is holding its second general election in 21 months, or eighth since 1969.

Its present leader is Mr Robert James Lee Hawke of the Australian Labor Party (ALP), a former trade union leader who governs with a large majority but without a mandate for great social change. On December 1 Australia will almost certainly re-elect Labor, yet apparently without endorsing either Socialism or trade unionism.

The election campaign in progress is reminiscent of the one in February, 1983, in that Mr Hawke is stamping his authority across the map, from tropical Queensland to industrial Victoria, from Tasmania to the reaches of Western Australia, from his power base in New South Wales to the dustiest corners of Outback and bush.

He exudes confidence and star appeal. On a platform or in a crowd, Mr Hawke swivels like a boxer and punches the air. Crowds flock to see him, as though he were Menzies, and are not disappointed in what they see: a fit and virile figure in his mid-fifties, who glorifies in his Australianness, which seeps from every pore.

Contempt for his rivals flickers like sheet lighting, and cannot be disguised, for a facet of the Hawke ascendancy has been the intellectual impoverishment of the Liberal-National Party Opposition, which until Mr Hawke gained power had ruled for most of the post-war years.

Although the calling of an election 15 months prematurely is seen as a cynical manoeuvre to consolidate Mr Hawke's power, the Liberals—ineffectually led by Mr Andrew Peacock—and the Nationals, under Mr Ian Sinclair, have made no progress against the Hawke bulwark.

Capturing the middle ground

For much of the campaign, the Opposition has persisted with largely trite domestic issues like capital gains tax and death duties, rather than tackle more difficult concerns like economic management, the wage-determination system, technology, industry restructuring, defence, foreign affairs, immigration, and Aboriginal land rights.

Not that the Government is vulnerable on all of these fronts—at least not yet—for its record in its first 20 months has been good to excellent. It has been aided by luck, by novelty, and by a devoutly middle-of-the-road approach to most policy issues that dramatises the extent to which Mr Hawke has captured the entire middle ground of Australian politics.

Mr Hawke has stolen the liberals' clothes. Together with a few hand-me-downs from the old preHawke Labor Party, he has fashioned a brilliant new wardrobe.

The Government has campaigned largely on its record, and on the central theme of the Hawke approach—namely, that "conciliation" and "consensus" are the only prescriptions for launching Australia on what the Treasurer (finance minister), Mr Paul Keating, is fond of labelling a "new growth path."

"I believe Australia is now a more cohesive society, one in which we are all more prepared to communicate and co-operate with one another to achieve common goals," says the Prime Minister, who has some evidence for his view, however, brief his taste of power.

Mr Hawke entered Parliament only four years ago, and wrested the Labor leadership less than two years ago. His experience in managing a political party, let alone the economy, is small. Yet prior to entering Parliament, he was president of the ALP, and of the Australian Council of Trade Unions (ACTU).

The key to Labor's electoral appeal and economic strategy remains its tripartite approach—specifically, its prices and incomes agreement with the ACTU, endorsed by the employers.

At worst, the agreement has won a 20-month respite in traditional hostilities between unions and employers. Strikes are far fewer, savage wage inflation has temporarily disappeared, unemployment is lower (if not by much), and productivity is higher (bolstered by once-off gains of not a little magnitude caused by the recession's shake-out in mining and manufacturing).

Relations with the unions

At best, the pay accord may have secured a genuine improvement in relations between unions, employers and governments that will help enable Labor, in its second term of office, to nudge Australia on to the "new" growth path envisaged by Mr Keating.

Some critics are not impressed. The best-credentialled, so far, is Mr John Stone, who until recently was head of the Treasury in Canberra and is proving a far more irksome splinter in the Government's flank than the official Opposition combined.

In a speech in late August, Mr Stone spoke of what he called the "pitch of lunacy" and "national self-delusion" in labour market affairs.

He ventured further, advising his listeners to re-peruse George Orwell's Animal Farm, wherein (said Mr Stone) a group of well-meaning animals, in a spirit of trust and "consensus," had "allowed the pigs, under their charismatic leader Napoleon, to lead them forward . . . to their ultimately bitter end."

In the approach to an election, the Opposition might have been expected to dine off crumbs from Mr Stone's table; it has not, possibly because the former Treasury Secretary's views of the Fraser era (1975-1983) are as waspish as his criticisms of Mr Hawke's young Government.

Apart from the success, thus far, of his pay accord with the unions, Mr Hawke has enjoyed a good run with the economy. In this, luck has played a larger role than Labor would admit.

For example, no sooner was Mr Hawke crowned (his former republicanism has not been in evidence of late) than the rains came to end Australia's costliest-ever drought. No sooner was Labor installed in Canberra than there was a strong enough recovery abroad to help nudge the domestic economy out of the troughs that plagued—and finally ruined—Mr Fraser.

However, Labor claims some credit for the economic recovery. Overall GDP growth in 1984-85 is expected to be around 4 per cent, perhaps a little higher. With continued wage moderation and a non-inflationary monetary policy, the rise in the consumer price index is expected to be a little over 5 per cent in the 12 months to next June, against the 11.5 per cent Labor inherited from Mr Fraser.

Optimism among manufacturers

Profits have improved, in some cases spectacularly, though some mining companies are still in the doldrums. There is much greater optimism among manufacturers; interest rates have eased, and the local dollar has been holding its own. In its budget in August, the Government trimmed the forecast budget deficit from A$7.96m (4.3 per cent of GDP in 1983-84) to an envisaged A$6.75bn for 1984-85.

Some thought this contractionary, others fretted at the implications for Government borrowing—since the late 1960s, there has been a 300 per cent increase in the size of Australia's total public sector borrowing requirement relative to GDP, from 2 per cent in 1969-1970 to 8 per cent in 1983-84.

Critics such as Mr Stone argue that Australia cannot borrow its way out of the unemployment that was inflicted in

CONTINUED ON PAGE 2

IN THIS SURVEY

* * *

Pictures by Ashley Ashwood

Labor captures middle ground

CONTINUED FROM PREVIOUS PAGE

1974-75, and again in 1982-83, by "greedy and ignorant trade unions," abetted in some cases by the employers and not least, by the arbitration process.

On top of its success with the economy, Labor has displayed unexpected relish for freeing the financial system and welcoming in foreign banks. It has floated the dollar and done nothing to scare away foreign investment capital.

Politically, the most significant aspect of Mr Hawke's brief reign has been his remodelling of the Labor Party—at least in Parliament—to reflect his own right-of-centre, non-ideological tastes and aspirations.

He is a "Labor" or "socialist" prime minister unlike any other. As one commentator puts it: "The old Labor Party aligned itself with labour against capital; the Liberal Party was in alliance with capital against labour. But Hawke sought a compromise which would make the ALP under his leadership the natural majority party."

In contrast to Mr Gough Whitlam, whose Labor Government foundered in 1975, Mr Hawke well understands Australians' suspicion about unnecessary or unexplained change. He is not fooled by visions splendid. He wants predictability and stability in central decision-making.

Rain-drenched crowds throng the Botanical Gardens in Brisbane to hear Mr Hawke.

He is almost certainly not a champion of reformism. He is meticulous in projecting himself as a fair and equitable prime minister. Above dogma, beyond factions, he governs in the national interest and pitches his message to that huge majority: middle Australia.

That is all well and good. But it begs the question: what sort of Australia do Australians want? There is very little evidence on which to hang an answer.

Vaguely, Australians know they should be closer to—if not a part of—south-east Asia. Mr Hawke says Australia must "enmesh" its affairs with those of its region. Yet when Jumbos ferrying tourists from Sydney or Melbourne land at Bali, the stewards and stewardesses often have to explain to their charges that they have arrived in "Indonesia."

Vaguely, there is talk of industrial "restructuring" and a change of economic direction, as though they were akin to a course adjustment in the Sydney-to-Hobart yacht race.

Vaguely, Australians have perceived that their treasure house of resources gleams a shade less lusterously than once it did, yet they demonstrate only marginal interest in the technology revolution.

It is not as though they have not been warned. Mr Barry Jones, Australia's Science and Technology Minister, says that if changes in the pattern of work lead to people being compulsorily retired at 55, or unemployable at 25, no-one should be surprised if they turn to liquor, drugs, introspection and daytime television.

In like vein, the authors of a new Brookings Institution study—The Australian Economy A View from the North (George Allen & Unwin, Australia)—have this to say:

"... All forecasting is difficult and technology forecasting is hardest of all. Nevertheless, current research efforts in *materials technology* in the U.S., Japan, and certain European countries show that a quantum breakthrough in new products is highly likely.

"The implications for Australia are profound. It is possible that development of ceramics, fibre optics, carbon fibre composites, powder alloys, and super polymers would do to copper, aluminium and steel (and by implications to bauxite, iron ore, and coal), what synthetic fibres did to wool.

"... There is no way to prepare for this in the short term, but much can be done to prepare for the future. Australia's response could be to hone the adjustment capabilities of its business firms by exposing them to world competition, and preparing its young people by relatively large investment in human capital.

"It is doing neither. If no preparations are made, what will be the outcome for the next generation of Australians? Is the 'lucky' country living in a fool's paradise?"

Weaponry without a national strategic plan

Defence policy
PRAKASH MURCHANDANI

AUSTRALIANS ARE fortunate to live in a benign strategic environment. Intelligence reports have consistently provided policy-makers with the view that there is no threat to the country "in the foreseeable future."

"That's why we're in the insurance business," the Defence Minister, Mr Gordon Scholes, told his Service Chiefs recently.

The minister was referring to the massive weapons acquisition programme currently under way, which will provide state-of-the-art hardware for the armed forces by the end of the century. Many strategists are, however, becoming increasingly worried that the premiums for this insurance are too high. The gamble is that Australia will not be involved in military action over the next 10 years.

There is little doubt that the tiny (around 70,000) permanent defence force is just able to sustain low-level operations. Its teeth are the 3,000 men of the Army's operational deployment force, stationed at Townsville on the north-eastern coast.

The ODF can deploy a company within seven days, and a brigade in four weeks. But it is hamstrung by not having its own air resources. At the moment, it has on call six Iroquois helicopters and two Caribou transport aircraft.

Similarly, the relinquishing of HMS Invincible, and the paying-off of HMAS Melbourne has left the Navy without an aircraft carrier. The fixed-wing component of the Fleet Air Arm has been disbanded, 1,900 personnel have been made redundant, and morale has plummeted. The Melbourne's A4 Skyhawks have been sold to New Zealand, and its S2 Trackers are looking for a customer.

The navy is being called upon to develop a strategy without an aircraft carrier. Matters have not been helped by the Air Force saying it can provide air cover for the fleet, and then not being able to do so.

Invective

At one point invective between the two services ran so high that the *Chief of Defence* Force Staff had to admonish his senior officers about brawling in public.

The Royal Australian Air Force has probably emerged the strongest from among the contenders for the defence dollar. The first of its 75 FA/18 fighters are to be delivered next year, but until all the squadrons become operational by 1990, the current Mirages have had to do. New wings have had to be built, and recent crashes have revealed a host of problems.

Shortages of trained aircrew also occur in the Orion squadrons, used for long-range surveillance. Design problems have delayed the new WAMIRA trainer by at least 12 months.

What has surprised strategists is that while every recent conflict has demonstrated the absolute necessity of airborne early warning aircraft, these have been placed low on the priority list for acquisition. Apart from that, the Defence Department's shopping list involves outlays of about A$17bn towards the year 2000.

It includes: RA/18 aircraft; airborne-refuelling Boeings; new airfields in the North; ten P3C Orions, fitted with Harpoon anti-ship missiles; seven new FFG guided missile frigates; up to six new submarines to replace Oberon squadron; mine-hunting catamarans; Sikorsky Seahawk helicopters; heavy-duty helicopters for the Air Force and Army; 155mm guns; new trucks; air-defence missiles (the British Javelin and the American Stinger are the two prime contenders); new small arms, and secure communications equipment.

The cost of all this hardware has strained the defence budget and distorted the current force structure. But there is a deeper question which strategists say needs to be addressed before the services get carried away by Star Wars technology, and that relates to the absence of a national strategy.

Present doctrine describes that strategy as "the defence of Australia and its interests." But what exactly *are* these interests, asks Mr Paul Dibb of the Strategic Studies Institute at the Australian National University:

"Australia needs to establish in priority order, and at a classified level, precisely what Australia's vital strategic interests are. To my knowledge, this has never been done. How, then, can we have a strategic policy and a defence policy?"

The debate is further clouded by varying interpretations of the ANZUS alliance and the strains imposed upon it by New Zealand's decision to ban visits by U.S. nuclear-powered ships. The word from the U.S. is that Australia will have to fend for itself in a regional conflict but the alliance is a vital link in the Western chain to contain Soviet power and prevent nuclear war.

Weaponry

Direct benefits of ANZUS to Australia are access to U.S. high-technology, purchases from the U.S. weapons production line, and high-grade intelligence, received through the U.S. satellite network.

On the other hand, argues Dr Desmond Ball of the Strategic Studies Institute, the alliance has brought with it a distortion of defence and foreign policy:

"The presence of U.S. installations in Australia makes it difficult for any Australian Government to move to extricate Australian policy from association with and dependence upon the U.S. The installations make a number of proposals for greater regional co-operation difficult to implement ... how could other Indo-Pacific countries be expected to support Australia's proposal (to create a 'zone of peace') when it allows U.S. ground stations from which the U.S. spies upon their internal affairs."

Australian politicians are fond of saying that the country is a part of south-east Asia and that its political and economic future lies in the region. ASEAN nations say these pronouncements lie uneasily with equivocal foreign-policy stances on Kampuchea and East Timor.

The need for a bi-partisan attitude to defence has been highlighted during the current election campaign, in which ideas like the purchase of nuclear submarines are thrown into the air by politicians who know well that all they will generate is controversy rather than debate. Australia is ill-served on a subject which is heavy on the public revenue, but the butt of political grandstanding, military narrow-mindedness and public apathy.

There is some disquiet over the Labor leader's 'unseemly' rush to the polls after an economic dream run.

Hawke all set to consolidate power

ON THE evidence thus far, Mr Bob Hawke, the Australian Prime Minister, is a dab hand at elections. He relishes them, for they bring his messianic qualities to the fore, and demonstrate the earthiness and common touch that are his political hallmarks.

True, as leader of the Australian Labor Party, Mr Hawke has fought only one general election—in March 1983. Yet that election changed the face of Australian politics, and installed Mr Hawke as larrikin-king.

MICHAEL THOMPSON-NOEL

So impressed was Mr Hawke by the results of that election that he is now holding another one, in 12 days' time.

The election is being held 15 months earlier than strictly necessary—ostensibly to re-synchronise elections to the House of Representatives (lower house), and Senate (upper house).

That is the official explanation. However, there is disquiet —and some resentment—over what is seen as Mr Hawke's unseemly rush to the nolls so as to consolidate his power while the economy is looking good and his opponents are floundering.

"There are no real issues," said The Canberra Times. "Mr Hawke has had a dream run with the economy, and while his Government bas brought some reforms to the public sector and business infrastructure which should assist with economic growth, it has happened without fuss.

"Neither the dissidents within his own party nor the Opposition in Parliament have presented him with prohlems that would justify an election now."

As the paper pointed out, in March 1983 and for some time before the end of his prime ministership, Mr Malcolm Fraser—the former Liberal Party leader whom Mr Howke hrushed aside—had been an issue in himself.

Focal point

That has not started to happen to Mr Howke, although ever since he snatched the Labor Party reins, he has made himself the focal point, the dominating personality, of federal politics.

With a lead of around 8 points in the polls, Mr Hawke is waging o relaxed, supremely confident campaign, and may well win by a landslide. His personal approval rating has hovered consisiently in the high 60's, whereas that of the Opposition leader, Mr Andrew Peacock, has sagged into the low 20's.

Labor's essential campaign planning was wrapped up weeks before the election wos announced. Not surprisingly, Mr Hawke features in all Labor's election commercials. None of his colleagues get a look in, not even the Treasurer (finance minister), Mr Paul Keating, whose mastery of his hrief and calm authority in Parliament so delight the leader.

Mr Bob McMullan, Labor's campaign director, says Labor is not running a "personality cult campaign," yet says the decisioo to concentrate solely oo Mr Hawke in Labor's commercials was o deliberate one.

"Other ministers, particularly Keating and Hayden (Mr Bill Hayden, the Foreign Minister), are rating very well in our research, but I don't think either of them would think there was any point in diluting the message."

Virtually until the moment when Mr Hawke announced the election, Mr Peacock was thundering away sbout crime and corruption. The crime controversy is a eompticated one with many tentacles, some of which have already inflicted serious wounds.

Part of Mr Peacock's case is that there has been a "deliberate, systematic weakening of the fight against organised crime" under Labor, and that Labor has hampered o Royal Commission, under Mr Frank Costigon QC, that was investigsting the issue.

For months, there have been allegations, accusations, and smeors—plus the decloration, on September 28, hy Mr Kerry Pocker, the Australian media baron, thst he was one of the individuals expected to be named in Mr Costigan's final report.

Mr Pocker said that "grotesque allegations" emanating from the Commission were symptomotic of a "new McCarthyism," and that the attacks on him, and the manner in which they had been made, were signs of o "grave sickness" in Australia.

"We foce o situation," said Mr Packer, "where public figures . . . are regularly being accused of every imaginahle crime without any evidence heing proferred."

Shortly before Mr Packer volunteered the informotion that he expected to be named hy Mr Costigan, Mr Peacock had committed what immediately appeared to he an unimaginahle error. On September 13, in Parliament, Mr Peacock suddenly rounded on Mr Hawke, calling the Prime Minister "o little crook" and o "perverter of the law." Mr Peocock offered no proof to support bis accusation, which disgusted Mr Hawke.

"I am prood of my reputation, and I will fight to the utmost to defeod my integrity against slurs and smears of this kind," said the Prime Minisier.

In Lahor's view, Mr Peacock's handling of the crime issue has backfired completely, though Mr Tony Eggleton, the Liberals' campaign director, maintains that it was only a diversion.

"For a while, the Government was not bandling it well. The Government underestimated it. Even now it is creating some embarrassment," says Mr Eggleton.

At one point, when the furore over erime was at its loudest, Mr Hawke broke down aod wept at o Canberra Press conference. It subseouently transpired tbat Mr Hawke's tears and emotion were caused by grief—one of his daughters suffers witb a heroin problem.

It was at this point, or very soon after it, tbat Mr Peacock virtually dropped crime from his repertoire. However, Mr Hawke's tears—which did no harm, politically — remioded Australians that their leader is a complex and emotional man, and belped resurrect old arguments about Mr Hawke's stability.

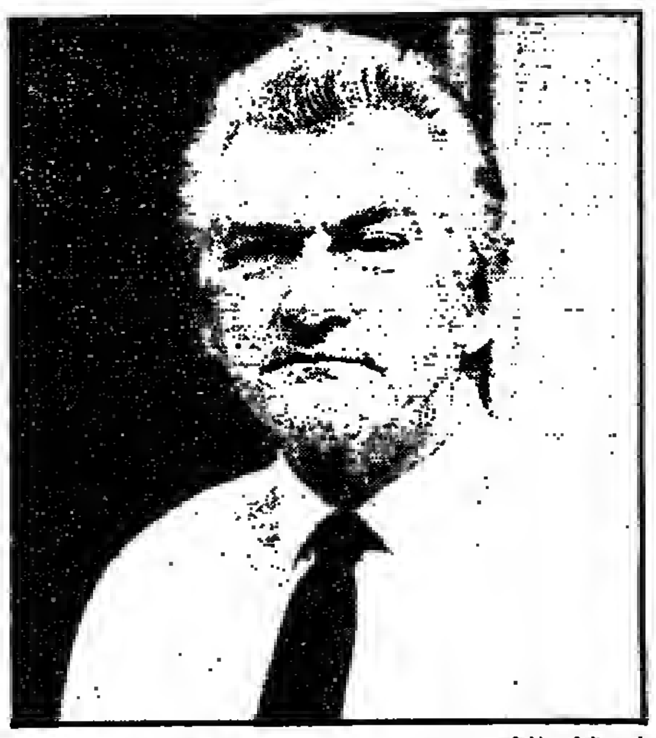
In ber official yet warts-and-all biography of the Prime Minister (Robert J. Hawke/Schwartz Publishing), Blanche d'Alpuget describes Mr Hawke's performance towards the close of a uranium debate st the biennial congress of the Australian Council of Trode Unions (ACTU), of which he was theo president, in Melbourne in 1979:

"Hawke . . . seemed transformed into some blood-curdlIog splrit escaped from the underworld," says Ms d'Alpuget. "He was like s man possessed of holy rage—shouting, taunting, his feet in a boxer's dance, his arms flailing the air, his fists banging the restrum to emphasise points. Had be turned aside and spat on the people who were yelling back at him, his contempt and fury could not have been more savagely stated."

That was in 1979. But Mr Hawke is no longer president of the ACTU. He is teader of the Labor Party, and Prime Minister, and there are clear signs that high office has changed Mr Hawke as much as Mr Hawke has ehanged the Labor Party. In his hands, the party is becoming a curious blend of reformism and conservatism, inoovotion and cleaving to traditioo.

In The Hawke Ascendancy (Angus & Robertson), Paul Kelly writes that "as 1983 closed, Hawke has emerged as a figure of subsiaotial substance. The man considered by many of his own backers in mid-1982 as a 'plunge into the unknown' had developed into an astute and competent prime minister.

"The private Hawke was a far more controlled and less exciting figure thao the media image which he had enjoyed for so long. The internal wars which hod produced emotiooal insiability, physical risk ond menial damage hod long since been settled. Hawke was completely purged of the devil of alcohol and no longer had any inclination to drink. He was no more the personality magnet made irresistible by the gleam of self-destruction. The new Hawke was stable in sociol life and more self-contained as a private man."



Ashley Ashwood

Prime Minister Bob Hawke: dominant personality in federal politics

The belief that Mr Hawke's reign will be a long one is reinforced by the authority and skill he displays in office.

He is still occastonally a swashbuckler. Last month, he took to the campaign trail nursing a blaek eye, the resuli of a failed aitempt to loft o ball while playing crickei.

In the main, though, the image that Australians now have of their Prime Minister is that of a man buckling down, with relish, to the tasks of government. He is both a strong leader and an "ordinary bloke." He is "Bob" to his friends, "PM" to the upwardly mobile. He is thinner ond trimmer, though bis holr is greyer and the face more marked.

He is cautious, but a good delegaior. He insists on ministerial solidarity, which cannot he difficult for a mao who has purged virtuolly oll left-wing traces from his cabinet and his sight.

Authority

The key relationsbip io cobinet is that between Mr Hawke and Mr Kealing, al Treasury, who, in the past 20 monihs has stamped his authority by floating the dollar, liberalising the financial system, and announcing his readiness to welcome in foreign banks.

Mr Hawke is said to bave a more measured, tess frenetic, approach to government than Mr Fraser. He is a iradiiionalist, almost in the Menzies mould.

The Hawke Government's great strength is its capturing of the middle ground, and its sirategy of "consensus" between labour and capital. It has an effecuve wages policy in place, yet has laid great siress on courting the finaocial and business communities.

There is uncertainty as to how long this balancing act can be maintained, but it is one that Mr Hawke carries off witb conviction and aplomb.

More than either of his predecessors (Mr Fraser and Mr Gough Whitlam), Mr Hawke appeals io, and identifies with, mainstream Australia. This is authentic and not contrived.

Yet, as Paul Kelly points out: "The ultimaie test is whether Hawke's consensus becomes a powerful political tool to facilitate national progress, or merely another antidote to lull Australia into accepting economic mediocrity."

Almost four years ago to the day, Mr Hawke made his maiden speech in Parliament.

"As one of the tardier maidens to appear before you I, express the hope that I shall do nothing in ibe future to upset unduly the even tenor of your ways," he explained. Within 18 months, Mr Hawke had forced the esiablishment in Hansard of bis descripuon of Mr Fraser as "a liar," a label, applied to an MP, that had never before been allowed to stand.

In his maiden speech, Mr Hawke said: "The crying need is lo creaie cohesion, a sense of common purpose leavened by a constructive compassion for that growing body of our fellow Ausiralians who are underprivileged. . . .

"We will, from this day, work to provide Australia with an alternative governmeni which will match not only the resources and the challenge but also what we believe to be the innaie sense of fair play of the great majority of the Australian people."

That was his challenge then; that is his challenge now

The Labor Government claims "remarkable" economic success in the past months. Meanwhile, profound changes are underway in the structure and operation of the banking and finance sector. Above: The Stock Exchange, Sydney

POLITICAL PROFILE: ANDREW PEACOCK

Liberal leader faces an uphill task

IT IS difficult not to like Mr Andrew Peacock, leader of the Australian Liberal Party, and thus of the Opposition, who is limping towards the December 1 general election with so many knives in his back that he could open a small hardware store. Yet he remains insouciant.

Mr Peacock took over the Liberal leadership when Mr Malcolm Fraser, Prime Minister from 1975 to early 1983, resigned from Parliament after suffering mortal electoral defeat at the hands of Mr Bob Hawke's Labor Party.

Since then, Mr Peacock has struggled vainly to rejuvenate the coalition forces, and to discover some means of combating Mr Hawke's immense popularity. To date it has proved too stiff a task; the hawk simply swoops upon the peacock whenever it chooses, gives it a shaking, muddies its plumage and soars clear again, leaving the peacock lost and injured on the lawns of Canberra.

Despite the drubbing he has received at the hands of Mr Hawke, Mr Peacock tries to put a serious face on things—mainly, one suspects, to help disavow his former image as a "showpony" and playboy, the "Sunlamp Kid" of Australian politics.

Mr Peacock is 45. He is MP for Sir Robert Menzies' old seat, Kooyong, in Melbourne.

"Many of my viewpoints are actually away from the mainstream of Liberal Party thought," he said in 1982, when he unsuccessfully challenged Mr Fraser for the leadership.

"If I lose," he said, speaking to an interviewer just before the leadership vote, "people will say Peacock's finished. But I wouldn't agree with that . . . Politics is strewn with Lazarus ruses . . . I read how various people are finished in politics, and invariably I see them coming back. I don't think in terms of the next few months alone; I still see my life in politics. I can take a short-term bucket; I've taken it in the past, I can take it again."

Such fortitude will be valuable after the general election in 12 days' time, for the shakiness of Mr Peacock's attempts to halt the Hawke bandwagon, and his failure (thus far) to spell out a convincing alternative to life with Labor, mean that the future of his leadership is openly in doubt.

After the election, it is said, there may well be a move to vote Mr Peacock aside and install, as leader, Mr John Howard, who was Treasurer (finance minister) in the Fraser Government.

Andrew Peacock: struggling vainly to rejuvenate coalition forces

What the Liberals seem loath to recognise is that virtually nothing could have stopped the Hawke bandwagon in March 1983, and that the odds have been stacked against Mr Peacock for the past 18 months.

Unfortunately, Mr Peacock is a glutton for self-punishment. On September 13, speaking in Parliament, Mr Peacock lashed out at Mr Hawke, calling him a "little crook," a "perverter of the law," and "one who associates with criminals and takes his orders from those who direct those criminals."

The attack formed part of a continuing and complex controversy over corruption and organised crime. Yet Mr Peacock has done nothing to substantiate his allegations—which Mr Hawke totally refutes—and must bitterly regret his outburst.

A year ago, one of Australia's leading political commentators said that if the Liberals believed that the philosophy of social Darwinism was the appropriate one, it was misreading the nature of Australian conservatism.

Where Mr Peacock was deficient—perhaps fatally so, in the political sense—was in the ability quickly and credibly to occupy the conservative position on specific issues. He was handicapped by his innate liberalism on social issues.

On the evidence of the campaign thus far, the December 1 election is pitching a flightless Peacock against a fly-away Hawke. It is really no fun at all.

MICHAEL THOMPSON-NOEL

The coming year will reveal the strength of Bob Hawke's alliance with organised labour.

Big test on key election issue

FOR AUSTRALIA'S trade unions, there is only one election issue: jobs.

It will be fought out not on polling day, December 1, when the Labor Government is expected to win easily, but in the ensuing 12 months. And in many people's view that will be the true test of Mr Bob Hawke's political credentials and the sincerity of his alliance with organised labour.

Trade Unions
CHRISTIAN TYLER

Happily coinciding with the economic upturn, the Labor Party's social contract with the unions has sailed serenely through the past 19 months. Industrial strife has virtually disappeared, money wage increases have been pegged back, unemployment and inflation are down, productivity is up.

Union leaders of both right and left believe they are creating a model partnership for delivering the economic goods without causing the social disruption of the kind they see in *Britain and elsewhere*.

But in the eyes of the Australian Council of Trade Unions (ACTU) there is one serious gap: the failure of the Government to move far or fast enough to help manufacturing industry through the trauma of reorganisation.

Mr Hawke, a former president of the ACTU, may have no distinct ideology, nor is the debate being conducted in left-right terms. But his own left-wing in Parliament, claiming 35 of the 105 seats, will be pushing him, as will unions like the left-led Amalgamated Metals, Foundry and Shipwrights' Union, biggest of the ACTU's affiliates.

Viewpoint

In the ACTU's own council chambers there is said to be little dissatisfaction with the content and purpose of the prices and incomes accord. Here changes at the top of the federation may work in Mr Hewke's favour. The recently-elected secretary, 36-year-old Mr Bill Kelty, is a political moderate but a tough negotiator.

In nine months' time he may be joined by his friend and ally, Mr Simon Crean, a smooth and well-connected right-winger who, at 35, is national secretary of the Storemen and Packers' Union. Mr Crean is tipped to replace the retiring ACTU president, Mr Cliff Dolan—unless the left decide to run their own man against him.

Mr Hawke and his Ministers may have been slow to deliver the central planning mechanisms that were envisaged by the accord. But the unions have high praise for his government's macroeconomic record.

Unemployment has been brought down from 10.5 per cent (12 per cent counting the unregistered) to just under 9 per cent; however, youth unemployment is still very high at around 20 per cent, despite A$1bn worth of job-creation schemes.

More than 250,000 jobs have been filled. The underlying inflation rate is around 6 per cent, with 5.25 per cent forecast by the year end, and the cost of living index is registering only 3.9 per cent (after the cost of the new Medicare programme was taken out).

Many of the accord's specific commitments have been honoured already. Centralised wage bargaining has been restored, but wages are indexed with a six-monthly review by the Conciliation and Arbitration Commission. The last two awards were of 4.3 and 4.1 per cent, and individual industry claims have been dropped.

Tax cuts worth $A7.60 a week to the average industrial worker have been delivered (equivalent to a gross wage increase of $11.70 to $14.90 a week). Where employers will concede it, unions have moved to a 38-hour working week. A national health insurance scheme (Medicare) was introduced in February, funded by a universal 1 per cent levy on earnings. The construction industry has been boosted and a number of labour law amendments, favourable to the unions, have been enacted.

Next year, the unions will be allowed to negotiate with government a productivity-related increase. It looks as though this will not be taken in money wages, but in the form of better state and private occupational pensions, which presently cover only 45 per cent of workers. The productivity kitty is likely to be worth 4 to 5 per cent on top of indexed wage rises.

The prices and incomes accord also entitles the unions to recover a 9.1 per cent drop in real earnings dating back to the end of 1981. If that were claimed soon, it would clearly undermine the whole programme. But the ACTU appears in no hurry to do so.

More generally, the unions have gained access to economic planning, either by direct consultation over budgetary decisions or through the newly-created Economic Policy Advisory Committee and a range of industrial councils. These are tripertite bodies. There is greater involvement in the management of technological change, and even talk of new negotiating rights to extend "industrial democracy."

Lesson to all

The package looks strikingly familiar to the British observer. But Australians say their system avoids the flaws that brought the British Labour Government's social contract with the TUC to a messy and electorally fatal end.

"We learned from the UK that a Labour Government will fail if it makes a contract that it won't keep," said Dr Andrew Theophanous, a leading left-wing MP and chairman of the Parliamentary Labor Party's industry committee. "That's not going to happen in Australia."

Mr Kelty of the ACTU said: "We have made gains that I think no other country has made. The accord is not just an artificial system of wage restraint to get a government out of temporary difficulties. It's a very progressive and socialist view of how unions can operate in society.

"The UK is a lesson for us all—we don't want that sort of society."

Even the militants seem satisfied with the pact. Mr Laurie Carmichael, assistant national secretary of the engineering union, is a member of the minute Communist Party of Australia which describes itself as independent and non-aligned. A member of the ACTU executive, he describes the accord as "an adequate document," giving the unions and the left enough room to manoeuvre and take action without breaking the bargain.

Price control

For him and many others the weakest point of the accord is price control. The surveillance system set up by the Government is supposed to monitor public authorities and major corporations. But it has no real sanctions, and, say the unions, has done far too little investigation.

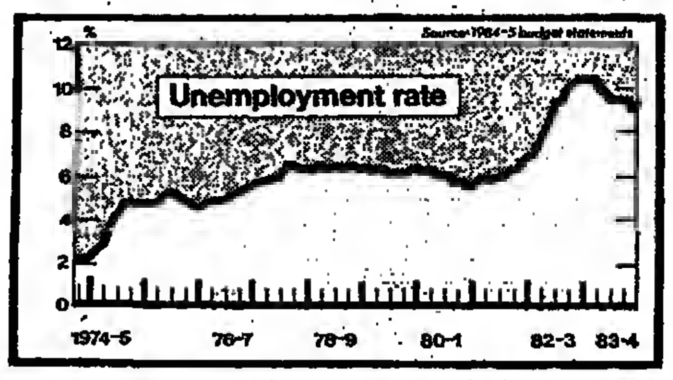
The central issue, however, remains Mr Hawke's commitment to job-saving intervention in industry. The loudest complaints have been coming from the engineering industry, which is still shedding workers and closing plants.

In steel, the compulsory redundancies have been halted and Government money has been put in. But the rationalisation plan for the motor industry is seen as too savage; indeed, one official of the Vehicle Builders' Union in New South Wales has asked Mr Hawke to sack his Industry Minister, Mr John Button.

In both these sectors, the cry is for more protection. And yet the unions generally are not looking for higher tariffs or lower import quotas. They are prepared for tariffs to come down provided vulnerable industries are helped into the high-technology age and displaced workers into new occupations. Government-assisted research and development, more rigorous technology transfer and local content rules, industry planning agreements and a tougher stance with the foreign multinationals will all be on the agenda after December 1.

Mr Hawke's honeymoon with the unions is over. The marriage of government and labour begins in earnest when the workers return from their Christmas holidays on the beaches.

"As a trade union movement we play very hard," Mr Kelty says. "We are tough, responsible and disciplined — and we're just starting."



Robots in action at a car assembly plant: the unions seek new occupations for displaced workers

Left to right: grapes on the vine at Hickingbotham Winemakers, Victoria; cattle sale at Bairnsdale; Merino sheep farm at Paynesville; and wine being packed for export at Idyll Wines, near Geelong, Victoria.

Exporters with a nervous outlook on the world

FROM THEIR *unstrategic outpost at the bottom of the globe, 15m prosperous Australians look nervously ont at the world: bigger economic powers are carving up their country's export markets and threatening to wipe out their native manufacturing industry.*

The protective barriers round Australlan industry, which have helped maintain a high-wage economy fuelled by periodic mining booms, are being gradually lowered in the name of economic necessity and sound foreign policy. Industry is being told to " restructure " for world competitiveness: but no-one is sure whether it can ever really compete.

Trade

CHRISTIAN TYLER

The holes in the ground are not yielding the fortunes they used to do, and other countries are digging out coal and iron ore for big buyers such as Japan. Overseas markets for agricultural produce are being distorted oc destroyed by enormous subsidies which Australia does not—and could not—match.

At the world negotiating table, Australla finds it has more in common with the developing countries than with the U.S., Japan or its European cousins in the EEC. It bas their aame dependence on raw materials and agriculture, and similar lack of negotiating muscle.

It is looking foc an answec in the Pacific, where intra-regional trade is dynamic. But for an Anglo-Saxon culture to build Oriental alliances is far from easy, nor does it remove the burning domestic question of bow to re-shape old industries without politically intolerable loss of jobs.

"We are part of the area and fast changing into a multi-racial society," says Mr Lionel Bowen, Deputy Prime Minister and Trade Minister. "But we are very anxious to get back to Europe, which we think is a very good market. The question is, where will you let us in?"

"We don't want it to be thought we are going regional. We're not. Europe frustrates us and it's got to change. But where's the political will?"

Australla has declared its support, with Japan, for another multilateral trade negotiation in the General Agreement on Tariffs and Trade (GATT), provided its primary producer interests are catered for. But officials greatly doubt that anything will come of it. "The Gatt, in our view, is sick," said one. And the deepest suspicion is felt of the EEC's intentions.

As explained by Mr Bob Hawke, Australia's Labor Prime Minister, the policy is to develop a common Asian-Pacific negotiating stance. If Gatt negotiations fail, Australia would try and hitch itself to the Pacific dynamo by a regional programme of liberalisation in specified commodities on a non-discriminatory basis—to create, in effect, a Gatt of the Pacific.

But the grand startegy bas sinister implications for Mr Hawke's trade union allies, especially those on the left. They say they will adamantly resist the theoretical model in which Asia provides cbeap labour, Japan and the U.S. the technology and Australia the raw materials.

The unions are not, bowever, reslsting the Government's cantious opening of the doors, provided that liberalisation is accompanied by positive assistance that will make industry export-competitive and save jobs.

The embattled Ministec of Industry and Commerce, Senator John Button, is trying to engineer change in wbat he calls "this very conservative country." Ha said: "I have tried to change the nature of tbe debate about tariff protection. It's a *totally sterile debate to argue* wbether to have higher tariffs or lower tariffs. Marketing and product design are the crucial questions."

Australia is a highiy-protected market, but its tariffs and quotas are at least visible. It has rarely resorted to the kind of hidden barriers that are today so common a substitute world wide. Indeed, the Government is expected to announce shortly that the only voluntary restraint agreement, on imported television sets, must be cancelled and a tariff, affording better access, put in its place.

Import quotas for textiles, clothing and footwear are being automatically raised each year by about 2 per cent, and growth in the Australian market will be allocated to outsiders. Quota levels for next year will be on average 14 per cent above this year's.

Global quotas for steel were taken off last December, but import duties—generally low—will remain. Assistance to the industry will be reviewed when the market share of domestic plant falls below 80 per cent or rises above 90 per cent.

The Government's plan for the motor industry aims to remove quotas entirely by 1992 on passenger cars, but will retain the present basic tariff of 57.5 per cent. Until then, the quota systems will be freed to allow importers to bid for their allocations. The aim is to encourage the five domestic motor manufacturers — two American and three Japanese— to form at most three groups and to reduce tbe number of models made locally from 13 to five or six.

Australia's top five export markets

Figures in A$m (fob): the 1983-84 fignres are pco visional.

Country of destination	1981-82	Ranking	1982-83	Ranking	1983-84	Ranking	1982-83 on 1981-82 % growth	1983-84 on 1982-83 % growth
Japan	5,351.4	1	5,964.7	1	6,570.0	1	+11.5	+10.1
U.S.	2,154.5	2	2,240.3	2	2,704.7	2	+ 4.0	+20.7
New Zealand	1,035.9	3	1,155.5	4	1,400.8	3	+11.5	+21.2
United Kingdom	726.4	4	1,178.7	3	1,134.2	4	+62.3	− 3.8
Singapore	512.9	8	732.1	6	951.5	5	+42.7	+30.0

The provisional total for Australia's export markets to all countries foc 1983-84 was A$24,805m, representing 12.4 pec cent growth in 1983-84 on the previous year. Imports totalled A$24,062m, up 10.3 pec cent.

Imports: the top five supplier countries

Japan	4,527.4	2	4,506.4	2	5,366.2	1	− 0.5	+19.1
U.S.	5,249.3	1	4,766.4	1	5,188.4	2	− 9.2	+ 8.9
United Kingdom	1,649.2	3	1,467.0	3	1,740.2	3	−11.0	+18.6
West Germany	1,355.7	4	1,298.6	4	1,384.6	6	− 4.2	+ 6.6
New Zealand	726.4	6	694.3	6	921.7	5	− 4.4	+32.8

Source: Oepartment ol Trade.

Japanese cars are only the most visible sign of Australia's struggie to maintain its manufacturing base, and its need to find new export industries that will absorb the displaced labour.

The country bas to generate A$100m of exports to create each 5,000 jobs. It was just in surplus on its visible trade in the 1983-84 year, with exports up 12.4 per cent in value to A$24,805m and imports up 10.3 per cent to A$24,063. But the traditional surplus with Japan, the biggest trading partner, has been whittled awav to virtually nothing.

Since Japan's — and even Korea's—main trading interests lie in the U.S. and Europe, Australla will continue to be vulnerable to the global politics of trade.

Any attempt to set up a Pacific alliance—or "pax pacifica" as it is sometimes called—must take that into account. But the calculation in Canberra is that Japan's strategic dependence on the U.S. is not so strong as to distract it from a truly Pacific orientation.

"Japan sbould be a good market for us," Mr Bowen says. "But Japanese access to Australia is about as good as they could expect."

Although the trade department has identified a range of manufactures to promote there, they recognise that it will be uphill work. Japan's Ministry of International Trade and Industry, meanwhile, doubts there is much chance of Australia being able to offer competitive goods.

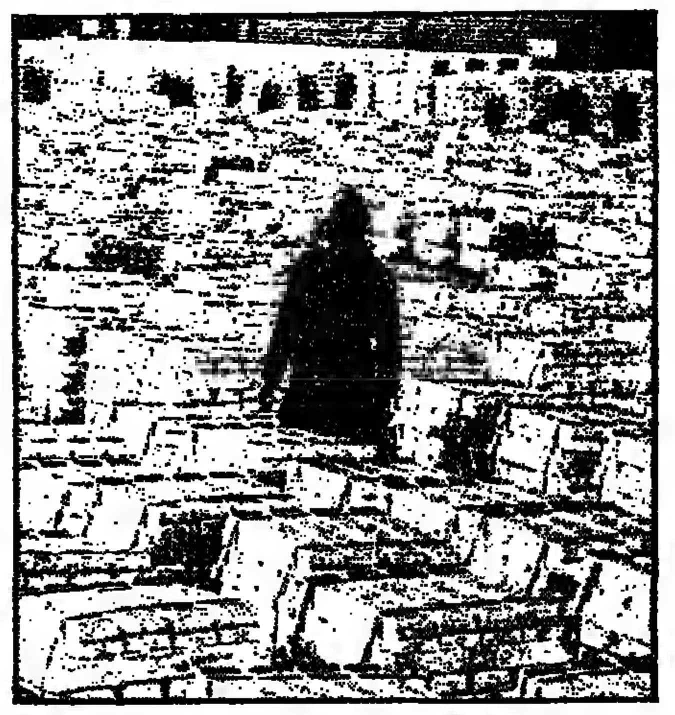
The Pacific traders club is already in embryo. Trade officials from Japan, Korea, the six Asean countries, Australia and New Zealand met in Bali in May. The Australians wanted the U.S. to be included, but others took the view that America's protectionist behaviour disqualified it. A second conference was being held in Sydney this month to try to define the region's common interests and work out a bargaining position for future meetings of the Gatt.

At the same time officials in Canberra are encouraged by the revival of ideas for a Pacific economic community embracing the whole Pacific rim. The idea was conceived over 20 years ago by the Australian National University. Four informal study groups have been set up: manufactures in Korea, investment and technology transfer in Japan, minerals and energy in Australia and agriculture, fishing and forestry in Thailand.

Governments have formed national committees to channel money into the work, and the next step is to decide whether the community is ready to take institutional shape.

On paper the idea looks both logical and attractive, given Australia's geograpby, vulnerability and the fact that a free-trading Pacific largely uncontaminated by the debt crisis can afford to cock a snook at the protectionist Old World.

But Australia is a European social democracy, witb a British trade union system, Anglo-Saxon attitudes and a Californian lifestyle. To preserve all that wbile integrating with Asia will require more than mere diplomacy.



Huge supplies of ingots awaiting export by Tomago Aluminium

Directions of trade

Figures in A$'000s

	Exports 1982-83	Exports 1983-84*	Imports 1982-83	Imports 1983-84*
ASIA				
East Asia				
Hong Kong	349,691	612,004	485,308	552,176
Japan	5,964,716	6,570,041	4,506,448	5,366,191
Korea, Rep. of	829,330	940,823	292,856	382,699
Macao	174	828	18,059	18,050
Taiwan Province	553,705	706,456	649,597	854,207
Total East Asia	7,697,617	8,830,152	5,952,268	7,173,322
South East Asia				
Association of South East Asian Nations				
Brunei	6,013	8,275	16,812	138
Indonesia	384,893	395,877	561,376	299,741
Malaysia	480,010	469,332	214,502	257,182
Philippines	187,579	141,768	84,118	92,073
Singapore	732,144	951,515	599,843	470,173
Thailand	178,366	218,306	89,436	122,080
Total ASEAN	1,967,005	2,185,073	1,566,087	1,241,387
Papua New Guinea	508,321	494,387	69,042	76,679
Peoples Rep of China	1,230,064	1,412,306	1,971,404	1,629,568

Source: Department of Trade (Est.*)

Deficit looms with biggest trade partner

WHEN THE U.S. and Europe put the squeeze on Japan, it is Australia that yelps. As a primary supplier of energy and raw materials to Japanese factories, Australia suffers vicariously from every "voluntary" restraint imposed by the West on their exports. And when the West leans on Japan to open her market, it is often at Australia's expense.

This double bind is the price that Australia pays *for its lack of clout in the world trade power game,* and for its dependence on the biggest economy in the western Pacific.

Trade with Japan and China

CHRISTIAN TYLER

The value of trade between the two countries is today just short of A$12bn a year. In 1983/84, Japan took 27 per cent of all Australia's exports, a rise of 10 per cant to A$6.6bn, end supplied goods worth A$5.4bn, an increase of 19 per cent, or over 22 par cent of all imports.

What worries the policy-makers in Canberra is that Australia's traditional trade surplus with Japan is being wiped out. They cannot pin all the blame for that on the superior bidding strength of America and the EEC. It is as much the result of changes in Japan's own economy, as energy-intensive heavy engineering givas way to electronics.

Tha industries that buy from Australia are growing slowly, if they are growing at all, while those that sell to Australia are expanding rapidly.

To make matters worse, Japan has been looking elsewhere for its raw materials—to Canada for coal and to Brazil for iron ore.

In the short term there is little that Australia can do about the trend but to press on with its political courtship of Japan in the hope that Western Pacific solidarity will stiffen Tokyo's resistance to the blunt demands of more powerful competitors such as the U.S.

A few weeks ago, for example, Senator Peter Walsh, Australia's Minister for Resources and Energy, led a mission to Tokyo to try and bead off U.S. demands that Japan take more American coal. He was trying to prevent a repetition of the beef fiasco early this year.

Then the Americans successfully negotiated a bigger quota of grain-fed American beef into the highly protected Japanese market: as a result, the quota for grass-fed Australian beef was reduced.

As one official put it: "That was a prime case of us being squeezed by both sides because of our lack of clout."

The diplomatic offensive in Japan, launched by Mr Bob Hawke, the Prime Minister, and followed by a series of missions, bas not been easy for Australians. Although bound to Japan by geography and by the interlocking nature of their own economy, Australians have no more cultural affinity with the Japanese than do Americans or Europeans.

Furthermore, as the motor cars, computers, cameras, cassette players and machine tools pour in, they feel increasingly vulnerable to Japan's industrial might.

Efforts are now being made to help Australian businessmen over the cultural hurdles and persuade them to find their own niche in the slowly-opening Japanese market.

A recent study by consultants concluded that Australia should be selling consumer goods like wine, cheese, confectionery, other processed foods, and furniture. Among industrial products, aluminium components and computer software were identified.

Meanwhile the politicians will continue to press for "fair access" to the Japanese market, which means insisting that liberalisation is not designed merely to pacify tha U.S. or EEC. A recent cut in tariffs on wina is expected to boost Australian exports, and remove preferential access enjoyed by Spain and Portugal.

But a more convincing answer to Australia's vanishing trade surplus with Japan may be to build up sales to South Korea and China.

Good prospect

Korea is seen as an especially good prospect for coking coal and iron ore contracts, even though the five-to-two trade balance in Australia's favour seems bound lo narrow. Korea took A$950m-worth of goods in the past year and sold only A$380m worth.

In return for buying Australian, the Republic is asking for better access for its textiles, footwear and motor cars but is being encouraged to develop instead its exports of ships and musical instrumants.

Relations with China have for many years been one of Australia's strongest suits. Exports have climbed lo over A$600m a year, with a trade balance two-to-one in Australia's favour. Wheat, iron ore, wool and sugar account for over 70 per cent of the exports at present. But a "China action plan" aimed at Beijing, Shanghai and five provinces foresees big opportunities in the market for mining, agricultural and geological equipment.

As China tries to modernise its steel industry, with Australian help, sales of iron ore could quadruple by the end of the decade. The CRA group and China recently agreed on a feasibility study for a joint venture iron ore mine in Western Australia.

The fact that it was a former Labour government that recognised China in 1972 cannot hurt Mr Hawke's chances of negotiating further trade pacts with Beijing. And so long as trade is conducted in terms of bilateral balances, diplomacy is everything—as Australia has discovered to her cost in Japan.

Out in the cold in South-East Asia

The battle for Asian markets

CHRISTIAN TYLER

ALTHOUGH BARELY a kangaroo hop away, the fast-growing markets of south-east Asia account for a surprisingly small proportion of Australia's trade.

The six members of the Association of South-East Asian Nations (Asean) took less than 9 per cent of Australian exports in the last financial year and supplied only 5.2 per cent of her imports.

Collectively, they remain the fourth largest trading partner after Japan, the EEC and the U.S., but the traffic, although it has grown rapidly in recent years, hardly scratches the surface of this regional market of 270m people.

The truth is, as the Department of Trade advised the Government recently, that Asean is far more important to Australia than Australia is to Asean.

With dynamic Singapore at its hub, the group has been growing at rates of 6 to 9 per cent a year. Of the other five countries—Malaysia, Indonesia, Thailand, the Philippines, and Brunei—only the Philippines has been through the traumas of a debt crisis.

Less than 3 per cent of Asean trade is conducted with Australia, and the latter's relative share has actually been declining. Partly that is due to an overlap in the commodities they produce, notably oil and tropical products. But it is also due to fierce competition from the big manufacturing nations of the U.S., Japan and to a lesser extent Western Europe.

To make any impression on these neighbouring markets, Australia will have to promote the use of its coal, mineral and related technologies, and to find some competitive manufactures to offer Asean consumers.

The lure of south-east Asia to a recession-weary West has left Australia out in the cold. The country has suffered particularly from cut-throat export financing.

Australia claims to be one of the last countries in the world to give "pure" aid, unconditional upon winning project business or long-term contracts. Small amounts of mixed credit have been extended, but the country can ill afford to match the soft loans from Japan or the U.S. that have become routine in this as other parts of the developing world.

Australia has also had to face persistent complaints about its own protective barriers, despite a system of tariff preferences for developing countries and a deficit with Asean on invisibles (mainly due to shipping and tourism) that has in most recent years more than balanced its surplus on visible trade.

A particular bone of contention has been the restriction of textile and clothing imports into Australia, which has its own regime outside the Multi-fibre Arrangement. Officials claim that because the global quota system is non-discriminatory (importers being free to buy from anywhere), the low level of Asean sales illustrates mainly a failure of marketing or design for the Australian market.

In textiles, Asean supplied last year only $A43m worth of a $A1bn market, and clothing a mere $A24m out of $A389m.

As might be expected, Singapore is the most important, commercially, of the group, followed by Malaysia and Indonesia. Trade relations with Indonesia, a difficult market at the best of times, are said to be good, despite the takeover of East Timor and persistent incursions along the border with Papua New Guinea, Australia's former colony.

Indeed, trade negotiators find the Malaysians a generally tougher proposition. The main development in trade with Indonesia in 1983-84 was a big drop in Australia's imports of crude oil as her own comparable product became more widely available.

Less severe

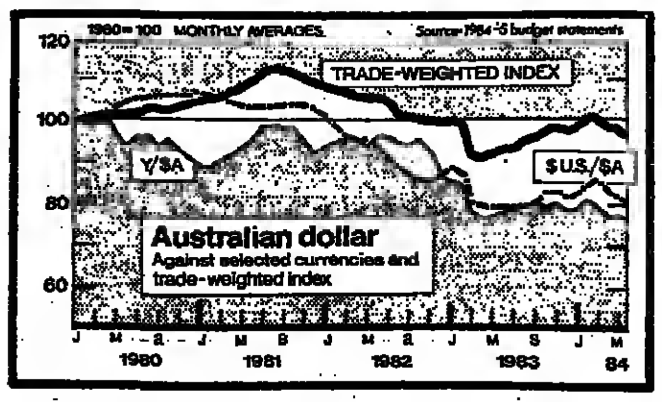
Indonesia's economic difficulties have been far less severe than those of the Philippines, a much smaller market for Australia, where a six-monthly revolving credit line of $A50m has helped limit the damage to Australian exports. Even before the IMF standby credit for the Philippines was put in place last month, however, there was stiff loan competition from the U.S.

Thailand is seen as a good prospect, *under-rated in the past,* for agricultural and mineral development in which Australian technology and equipment could be deployed.

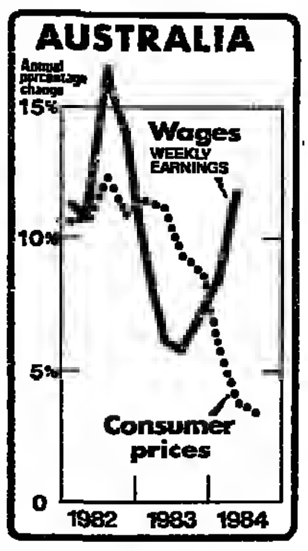
The same emphasis is being given to Papua New Guinea, not a member of Asean, which has in the past been a quasi-captive market and still buys 40 per cent of its supplies by value from its former parent country. PNG spent nearly $A500m last year with Australia, mainly on manufactured goods and processed primary products. Despite a duty-free concession, it exports very little back, but is the largest recipient of Australian aid.

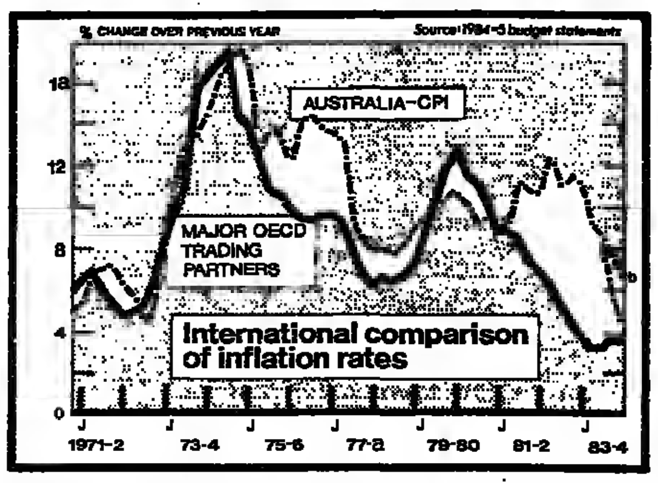
If Australia and its South-East Asian neighbours are finding it difficult to mesh their economies because of the similarity of their export commodities, they do at least have a lot in common vis-a-vis the rest of the world.

Although trade relations are still mainly bilateral, there is an obvious identity of interests. That is why Mr Hawke, like his predecessors, has been working hard for some form of regional solidarity which, if a new round of international trade negotiations fails—or falls to materialise—could become one day an Asian-Pacific club of open traders.



Despite the surging strength of the U.S. dollar, the Australian dollar has held its ground well, with some bankers expecting the local currency to move up through the US$0.90 mark in the first half of 1985.





Australia's inflation has been halved under the Labor Government.

Good progress in the last 20 months

A YEAR AGO, there was hope of a "charisma-led" recovery that would steer Australia clear of the shoals that the economy was traversing, and away from danger.

After the divisiveness, frustration, and final impotency of the Fraser years—it was said—the economy was now in the hands of a party (Labor) and of a Prime Minister (Mr Bob Hawke) that between them would lift Australia out of its worst post-war recession by the simple expedient of spreading balm. The buzz words were "conciliation" and "consensus."

MICHAEL THOMPSON-NOEL

By and large, the Hawke Government has served Australia well in its first 20 months in office and seems set to score another clear-cut win in the general election on December 1. On present form, Labor could be in power for the rest of the 1980s.

In the current election campaign it is being drummed into Australians, until they are reeling, that Labor is convinced it can sustain and strengthen the "remarkable" economic growth of its first three months in office; that relations between unions, industry and Government are in the process of being reshaped; and that Australia now has an opportunity to embark upon a new growth path.

"We can take this path," says Mr Paul Keating, the Treasurer (Finance Minister), "or we could opt for a return to the sickness of the 1970s—with high inflation, low growth and declining job opportunities."

To date, Labor's success with the economy can be attributed, in about equal measure, to luck; to a neo-conservative style of economic management; and to the undoubted success (at least thus far) of its prices and incomes accord with the trade unions. Mr Hawke is both a former president of the Australian Labor Party and of the Australian Council of Trade Unions.

Overlying that, Labor has demonstrated that it is simply not bound by dogma (a necessary move that has stifled, once and for all, any temptation to hark back to the debacle of the sacking of the Whitlam Labor Government in 1975). The Hawke Government's decision to float the Australian dollar last December came at exactly the right time. It has moved with speed to liberalise the financial system, it is getting ready to welcome in foreign banks and it has adopted a deliberately low-key, non-ideological stance on foreign investment.

So far, so good. Yet tha word from the Left of the Labor Party, and from some of the unions, is that the future of the Hawke Government may well rest on developments in a relatively short period—possibly of 12 months—after the alection on December 1.

Dr Andrew Theophanous, a leading Left-winger and chairman of Labor's influential Industry Committee, said last month that the unions would increasingly press for Government action, not only on the social wage but on industry assistance and restructuring.

In Dr Theophanous's view, "a Labor Government falls if it makes a contract it won't keep. Whether the Hawke Government survives depends on its ability to restructure industry in a planned way, with the support of unions and employers."

However, the Labor honeymoon is not yet over. Mr Keating says that between the June quarters of 1983 and 1984, economic growth was over 10 per cent. In 1984-85, non-farm growth is expected to average about 5 per cent, while overall GDP growth will be about 4 per cent (perhaps a little higher).

> "The prime requirement today is an expansion of the productive capacity of the economy . . . There are risks attached to the outlook for 1984-85. But there is also the potential for achieving further progress towards what has eluded Australian Governments for more than a decade—sustainable economic growth."
>
> Budget Paper No. 1.

Inflation has been halved, and with continued wage moderation and a non-inflationary monetary policy the CPI rise is expected to be a little over 5 per cent in the year to next June.

The labour market strengthened considerably in 1983-84, with rapid employment growth and falling unemployment (from 10.4 per cent in September 1983 to a little under 9 per cent).

Employment growth during the present upturn has far outpaced that in other "recovery" periods since the early 1970s, though in part that reflects the severity of the shake-out in 1982-83, particularly in coal, steel, car-making, and other manufacturing. Labor says it is confident it will have created 400,000 new jobs by June next year.

Profits have recovered, in some cases spectacularly, though from a very low base, which is one reason why poor business investment has been the recovery's missing ingredient. The outlook is mixed, though recent surveys indicate much greater optimism.

Retail sales may well have shown real first-quarter growth; motor vehicle sales are at a near-record annual rate; and there is a further strong recovery in housing, with the current upswing looking more securely grounded than in previous booms.

At the same time, interest rates have eased, and despite the surging strength of the US$, the local dollar has held its ground at around US$0.83.

Real problems may emerge at that time, however, including a very sizeable current account deficit, not only for 1984-85, but for the following year as well. On one estimate, the current account deficit in 1984-85 could approach the record 1981-82 deficit of A$8.8bn, against A$6.7bn last year.

To quote from the Government's own budget statements (Budget Paper No. 1), exports are forecast to grow strongly in 1984-85, perhaps by a little more than 10 per cent. Rural exports should do well, helped by a large stock carry-over from the record 1983-84 cereal harvest, a pick-up in demand for wool, and the prospect of a record sugar crop, while non-rural exports should increase at a rate well above the growth in world trade.

This will be helped by additional capacity in aluminium-related industries, increased petroleum exports, and the start of LNG and condensate exports from the Cooper Basin. However, manufactured exports might be more subdued, and growth in coal and iron ore exports could well moderate.

At the same time, imports are forecast to rise sharply (by around 9 per cent), helped partly by delivery of defence equipment and airline re-equipment programmes.

"As always," says the Government, "the likely balance on the current account is surrounded by considerable uncertainty." The trade deficit could return to a small deficit (reflecting a possible worsening in the terms of trade) after recording a marginal surplus in 1983-84.

The net invisibles deficit is expected to continue to widen. As a result, the implied deficit on the current account could increase to around 4 per cent of GDP in 1984-85 (compared with 8.6 per cent in 1983-84).

Labor's second budget, last August, won generally good marks, partly because it softened the impact of vote-catching (such as tax cuts) with a reduction in the budget deficit, from A$7.96bn (4.8 per cent of GDP in 1983-84) to a forecast A$6.75bn, and generally steered a middle course.

However, some very real problems may be in store for Mr Hawke, Mr Keating, and Labor in the medium term.

- First, there will be pressure on the pay and prices accord. How Mr Hawke and his Treasurer handle that will colour—indeed, it will probably determine—the future of the Hawke Government.

In the view of Westpac, Australia's largest bank: "It will be hard for the Government to renegotiate a restructured accord next year, for it will have virtually no room in which to provide any further budget sweeteners."

- Second, there is some alarm over Government debt, and the charge that Australia cannot borrow its way out of unemployment.
- Third, there is as yet only scant evidence that Labor is prepared to move with something approaching alacrity on the trade protectionism front. Fortress Australia is still largely secure.
- Fourth, efforts to prod Australia into the technological present, though promising, are patchy.

Against all that, of course, Australia remains extraordinarily well-endowed with minerals, energy, and land. It is still a lucky country, if not the Lucky Country.

Public sector borrowing requirement

	Commonwealth sector		State and local government sector		Total	
	$m	Percentage of GDP	$m	Percentage of GDP	$m	Percentage of GDP
Year:						
1979-80 ...	2,489	2.2	2,249	1.9	4,738	4.1
1980-81 ...	1,626	1.2	3,202	2.4	4,828	3.7
1981-82 ...	1,318	0.9	4,688	3.1	6,006	4.0
1982-83 ...	5,344	3.3	6,100	3.7	11,444	7.0
1983-84 ...	8,637	4.7	6,170	3.3	14,807	8.0

Source: 1984-85 Budget Statements.

Gross Domestic Product
(average 1979-80 prices)

Change on previous period (per cent)

	Gross Non-farm Product			Gross Domestic Product	
	Income-based estimate*	Expenditure-based estimate†	Gross farm product	Income-based estimate*	Expenditure-based estimate†
Year:					
1979-80	2.8	2.8	−11.3	1.6	1.7
1980-81	4.7	3.8	−11.2	3.6	2.8
1981-82	1.8	2.0	15.7	2.5	2.7
1982-83	0.1	—	−20.0	−1.2	−1.3
1983-84	4.1	2.9	36.7	5.7	4.7
Half year‡:					
1982-83 I	0.7	1.8	−36.9	−2.0	−1.0
II	−1.8	−1.8	−9.7	−2.2	−2.2
1983-84 I	5.2	4.8	105.2	9.4	8.5
II	7.7	4.1	−2.8	7.0	3.8

* Income-based estimate as published.
† Expenditure-based estimate derived by the subtraction of the statistical discrepancy from (*).
‡ Seasonally adjusted, annual rates.

Source: 1984-85 Budget Statements.

Australia 8

Stern words from former mandarin

ON AUGUST 27, just six days after presenting its second budget, the Australian Government was treated to a stern lecture by a man whose words may well come back to haunt it.

The lecturer was Mr John Stone, then head of the Treasury in Canberra, who was speaking at the University of Western Australia. Mr Stone has since resigned as Treasury Secretary, and from the public service, but it is possible that in some quiet corner of the Hawke administration, the former mandarin's words have left a graze or mark.

Policy issues
MICHAEL THOMPSON-NOEL

Mr Stone pulled no punches, arguing that the "industrial policies of fascism" were being activated in Australia, and suggesting that Australia's businessmen re-peruse George Orwell's Animal Farm.

"They might thereby be reminded," said Mr Stone, "of the fate of all those other good-hearted and well-meaning animals—such as the old horse, Boxer—who, in a spirit of trust and 'consensus,' allowed the pigs under their charismatic leader Napoleon to lead them forward . . . to their ultimately bitter end."

As the following quotations make clear, Mr Stone holds stern views, and grave reservations, across a broad range of policy issues:

● On Government borrowing: "Since the late 1960s, there has been a four-fold increase in the size of Australia's total public sector borrowing requirement (PSBR) relative to GDP, from 2 per cent in 1969-70 to 8 per cent in 1983-84.

"During that period, the Commonwealth (federal) sector's component rose more than six-fold, from 0.7 per cent of GDP to 4.7 per cent in 1983-84, while the State and local government component almost trebled to around 3.3 per cent of GDP.

" . . . However one looks at these developments, the inescapable conclusion is that they have reflected a failure on the part of successive Governments to come to grips with the real problems confronting Australia for the past 15 years.

"The truth is that Australia cannot borrow its way out of the unemployment which was inflicted upon our country in 1974-75, and again in 1982-83, by a few particular greedy and ignorant trade union leaders, abetted in some degree by some of their business counterparts and, not least, by the arbitral tribunals.

"It was not contractionary macro-economic policies, but those two mindless micro-economic episodes, which chiefly produced those two leaps in our unemployment level to where it still lergely is today."

● On regulation of the market for goods:

"The regulatory process extends to much more than diminishing our access to imported goods, and is equally if not more important in its attack upon the freedom of access of Australian citizens to *domestically*-produced goods and services. The whole question of regulation of shopping hours is today merely one of the most prominent grubby examples."

● On centralised wage-fixing:

"Towards the end of 1981 we experienced in Australia a more than usually notorious exampla of centralised wage-fixing between certain metals industries trade union leaders and e limited group of Metal Trades Industries Association employers, leading to an increase in hourly wage costs epproeching 25 per cent.

"During the course of 1982 the results of that master stroke were seen in the loss of jobs by roughly 30,000 or so metals trades workers, and the bankruptcy of a great many metals trades firms.

"During 1983 that process continued. Meanwhile, the leaders of the AMFSU moralised even more vocally about the need for governments to restore full employment.

". . . Today, what the Commonwealth Conciliation and Arbitration Commission is pleased to call the 'principles' of wage fixation are based on two premises: first, not only do real wages need to be maintained; but second, full wage indexation is necessary to maintain them.

"The first premise is clearly completely at odds with any meaningful effort . . . to reduce unemployment. As for the second . . . the proposition is simply nonsense, as common sense suggests and all previous experience testifies."

● On youth unemployment:

". . . There is no single fact more disgraceful to the conduct of our national affairs in Australia today than the manner in which we have permitted—and are still permitting—more than 25 per cent of 15-to-19-year-olds in the workforce to be unemployed when it is clear that, without real difficulty, that proportion could in all probability be reduced to, or even below, the present average rate of unemployment of around 9 per cent.

". . . The truth is that our system of wage determination today constitutes a crime against society. It is frankly, a system of wage determination under which trade union leaders and people preening themselves as 'justices' of various Arbitration benches combine to put young people in particular, but many others also, out of work."

● On the national will: "Australians have, in years past, 'done great things'—not only together, but also individually. . . . Have Australians, today, the 'will to do great things again?' I happen to think so, but we — and our children — will see."

Mr Stone is not exactly the toast of the Hawke Government (nor of its Liberal-National Party predecessor, for that matter). Last month, Prime Minister Hawke claimed that Mr Stone's "track record" as Treasury Secretary was "not brilliant."

"He's been at the head of Treasury, and the record of this economy in that period was abysmal," said the Prime Minister.

Nevertheless, the intellectual opposition to Labor's economic policies — such as it exists — may well come to fill its pitcher at the borehole sunk by Mr Stone.

Big changes under way

THE AUSTRALIAN banking and finance industry, once bound in by a web of regulation and protection, is undergoing profound changes to its structure and operating environment.

The steps taken to increase the efficiency of the financial markets by removing impediments to local and international competition have won the Federal Treasurer, Mr Paul Keating, all-round praise.

Banking and finance
LACHLAN DRUMMOND


Federal Treasurer Paul Keating—winning high praise

Each dropped barrier has been embraced with enthusiasm by industry participants, particularly the big banks which had once likened themselves to tethered lambs facing the wild dogs of international banking.

Meanwhile, independent of any regulatory changes, financial institutions have pushed to blur the distinctions within the industry on the path to the financial supermarket.

The process has been accelerated by the increased application of electronic funds *transfer* as well as *change* beyond the banking sector which has seen many of the banks and merchant banks take up equity stakes in the previously closed world of stockbroking.

The imminent introduction of foreign banks as fully licensed competitors remains the final major piece of tha financial jigsew to be set in place, but alreedy this threat has provided an impetus to the local banking groups to sharpen themselves up.

The most substantial change introduced — the floating of the Australian dollar — was not directed at the banking and finance sector. Yet the move to take the local currency into the real world for the first time underlined the Government's commitment to deregulation.

The next inevitable step was the granting of foreign exchange trading licences to some 40 locally and foreign-owned merchant banks, which now compete — with varying levels of enthusiasm — with the existing private and state-owned banks.

This was one of the few deregulatory steps which directly banefited the merchant banking sector, and one which will diminish the disappointment of those foreign groups feiling to win one of the six to ten new banking licenses to be issued next yaar.

For tha banks, the most operationally significant change was the most recent — from August 1, they were freed to offer interest on very short-term deposits.

At the retail end, they were free to offer interest on cheque accounts or cheques with savings accounts, while at the wholesale level they were free to compete directly for ovarnight funds.

This change in the shape of the money market had seen most merchant banks adjust in advance by reducing or restricting the level of balance aheet based borrowing and loan business and concentrating on developing fee-based business in the advisory or fund management areas.

This redefinition of the roles to be filled by merchant banks comes as the ownership structure of this segment is undergoing a shake-up, in part beceuse of the lifting of restrictions on licensed banks' shareholdings which has seen at least one bank move to full ownership of its once part-owned offshoot.

The rationalisation process has been given a helping hand by the Government's decision to declare e one-year holiday on the normal foreign investment restrictions in the financial sector.

This relaxation has already seen Morgan Guaranty of the U.S. bid for the 55 per cent of the listed AUC Holdings it does not already own. For most other foreign groups, it will be a matter of negotiation with local partners, most of whom were taken on to satisfy local equity rules.

The granting of additional banking licenses once the applications, dua in by November 23, have been processed and assessed, will act as e further spur to rationalisation of the ownership and functions of many of the 50 or more merchant banks.

One of the leading merchants, Hill *Samuel Australia, is* already on its way to becoming the licencad Macquarie Bank under the restrictiva shareholding levels imposed by existing banking regulations.

To achieve this, the current 100 per cent shareholding of its UK parent will ultimately be cut to tha new 15 per cent limit, a sacrifice which reflects the local merchant bank's view of tha limited future prospects without a full banking licence as well as the limited chances the group would face in the open competition for licences with the world's largest banking groups now under way.

Meanwhile, the prospect of additional banks — with possibly 100 per cent foreign ownership and almost *certainly as* partnerships between the largest domestic financial institutions and laading international banks — has sharpened the competitive adge of the existing full scale banks.

The local scene is dominated by the state-owned Commonwealth Bank and the three major private banks, Westpac the ANZ, and National. Together, they account for around 80 per cent of total banking assets of some A$125bn (which is about 10 per cent less than the assets held by each of Citicorp or Bank of America worldwide).

A key element of the competitive thrust has been the rapid expansion of electronic and antomated banking services, *which* have now extended in trial form to supermarkets and petrol stations, allowing retail purchases and cash withdrawals to be made thousands of miles *from* the *home* bank branch.

The four biggest banks face combined ontlays of around A$1bn over the coming two to three years to expand their individual national networks and extend their range of services, a measure of their commitment to meet each other's competitive pressure, and that which new players will offer, plus the stiff opposition from outside the traditional banking *sector*.

Indeed, while for the past decade or more the traditional banks have been hammered at the wholesale end by the proliferation of merchant banks, at the retail end they have also been under vigorous assault from building aocieties in the housing loan sagment, and credit unions in consumer lending areas. Together, these group's have assets of soma A$25bn.

'A case study in disaster'—

Industry Minister's view of the troubled motor sector.

The motor industry

CHRISTIAN TYLER

THERE HAVE been enough studies and reports on the Australian motor industry to fill a small truck—and enough losses to fund another Sydney Opera House.

Overcrowded and overprotected, the business has become, in the words of the Industry Minister, Senator John Button, "a case study in disaster."

Five manufacturers — two American and three Japanese — are trying to make a living building motors in a country that buys nnly 600,000 new vehicles a year. Three European companies, Volkswagen, British Leyland and Renault, found the going too rough and pulled out in the 'seventies.

The Japanese were invited in, a would-be defensive measure by the then Liberal government. Mitsubishi took over the Chrysler business, Toyota set np what is still its biggest overseas production company, and Nissan hought up a VW plant.

Tbe shake-up bas been devastating for the grandfather of the industry, General Motors-Holden, builders of tha first all-Australian car and still a symbol of patriotic pride. In its heyday, it had over 50 per cent of the local market, a share that has now slumped to 18.5 per cent.

In tbe last four years, GM-H bas accumulated net losses of A$380m (US$322m), thought to be an all-time record for an Australian company. And for the first time in 35 years, It had lost its market leadership to Ford.

In an effort to sort ont the mess, tha Labor Government announced at the end of May its revised version of an industry plan. By loosening import quotas and reducing tariffs over the next eight years, it aims to force tha industry down to no more than three manufacturing "groups" and the numher of locally made models from 13 to five or six.

Reactions

It is a tough proposition, noisily condemned in recent weeks by some motor union officials as a recipe for even further job losses and eventual disintegration of local manufacture. Others — trade union leaders and employers alike — belleve the plan is harsb, hnt realistic. Mr Button himself says be is bopeful of achieving that consolidation by a judicious mixture of government guidance and market forces.

No manufacturer will pull out and there will be no mergers, according to Mr Hideyo Tamura, managing director of Toyota's Australian operations and a senior member of the parent board.

"All fiva can be viable by common sourcing of components, using each other's facllities and improving their products. We think this is a very courageous but correct decision by the Government," he says.

Component-swapping is nothing new, even in Australia, and although the feelers are out for further links, no one is predicting what the "groups" might look like if they ever emerge.

"I think at the present time each of the manufacturers is getting his house in order," said Mr Chuck Cbapman, managing director of GM-H and a vice-presideot of Geoeral Motors of the U.S. "The plan has only been out for a few months and there bas been a hiatus while evaryone does his sums."

Import quotas

The plan, based on tbe former government's recipe but with substantially altered numbers, addresses three main elements in the protective regime: import quotas, tariffs, and local content rules.

The import quota for cars, restricting foreign-made vehicles to 20 per cent of the Australian market, will disappear at the end of 1991, hut a tariff of 57.5 per cent (the present basic rate of duty) will still apply. From next January, the tariff on imports above tbe 20 per cent quota will start to fall from 100 per cent to 65 per cent in stages up to the end of 1991.

As for imports within the quota, they will be allocated to manufacturers for the next four years, but the allocation of fixed amounts will reduce progressively from 6,000 units each to zero. (All these imports are subject to the basic tariff rate of 57.5 per cent.)

Instead of being allotted fixed shares of the quota, all importers will be invited to make bids. The tariff will depend on how the bidding goes at auction.

Protaction for light commercial vehicles (a 35 per cent duty) and for "regular" four-wheel-drives (25 per cent) stays low and unchanged.

Also unchanged will ha the requirement that local content is 85 per cent of the vebicle's valne. But the duty-free balance of 15 per cent that may be imported will include huilt-up cars as well as components.

At present, a manufacturer can lop another 7.5 per cent off bis local content obligation by exporting the equivalent amount. The plan will raise the maximum "export credit" to 10 per cent next year, to 12½ per cent in 1986 and to 15 per cent in 1987.

This little formula has caused as much controversy as anything in the plan, not least amoog the component manufacturers. It matters greatly to General Motors, because it was on the strength of a geoerous export credit schema that It invested over A$300m in 1981 to build a plaot for four-cylinder engines.

Electronics

The plant claims to be among the most sophisticated in the world, with elaborate electronic quality controls at every slage of production. It exports about two-thirds of the engines, principally to Britain and West Germany. GM-H in any event claims to be Australia's biggest manufacturing exporter: the engine plant enables it to huild np maximum export credits under the scheme.

For the other motor companies the ratio is less important. As ooe poioted out, to qualify for low-cost imports, you still have to make relatively high-cost exports in your Australian factory.

The Government has introduced an incentive to carmakers who want to pull out of local production — a quota bonus. It is too soon to tell if there will be any takers.

GM-H says its first objective is to make the company viable "on a stand-alone basis" before considering any further tie-ups with the Japanese.

Mr Chapman said the company's target was to break even on a trading basis this year and produce a net profit next. That would seem to depend oo wbether in the big-car market its Commodore models can contioue to recover ground against the Ford Falcons.

More crucially, It plans to introduce next year a small-car replacement for its ageing and unsuccessful Gemini, probably following Ford's example and adapting a Japanese model.

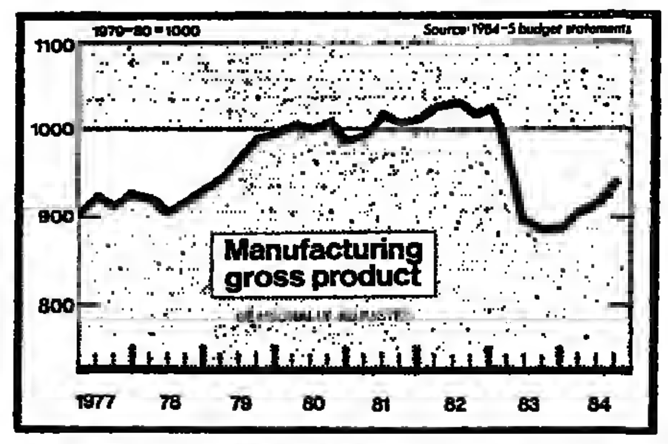
GM-H has been through what is, in Australian terms, a very big retrencbment. Saddled with plants in each State capital, it has reduced its five vebicle plants to two—the latest to close was Acacia Ridge in Queensland last month—and is reorganising three component factories into one. Another 2,500 jobs are still to go.

The next step is cut costs and raise production efficiency in time for the end of import quotas in 1992. And once again the Japanese seem to he showing the way.

Are robots the answer? Not a hit of it, says Toyota's Tamura. In a market like Australia you need maximum flexibility, minimum fixed capacity and costs.

"We won't go to full automation. We need to lower costs hy 15-20 per cent in the next eight years using simple robots, numerically - controlled machines, quick die-changing and a mixed assembly line."

To put it another way, what's good for Japan is probably good for General Motors.



The Labnr Gnvernment, in a revised industry plan, aims to loosen import quotas and reduce tariffs over the next eight years, and so force the motnr industry down tn no more than three manufacturing "groups."

Employment in industry

The level in each sector in '000 for 1983-84:

Agriculture, forestry, fishing and hunting	407.8
Mining	98.2
Manufacturing	1,139.3
Food, beverages and tobacco	185.6
Metal products	193.5
Other manufacturing	760.2
Electricity, gas & water	143.0
Construction	409.7
Wholesale and retail trade	1,254.1
Transport and storage	363.6
Communication	138.9
Finance, property and business services	596.3
Public administration and defence	318.9
Community services	1,086.8
Recreation, personal and other services	412.3
Total	6,368.8

PROFILE: BORAL

A firm favourite with investors

IN A stock market more renowned for the high drama of takeover or the high jinks of speculative exploration ventures, it is unusual to find that a persistent favourite for investors is engaged in such basics as making bricks, mixing concrete and surfacing roads.

But such is the level of growth achieved by Boral and the market's regard for the likely future performance that it bas developed a premium rating over industry rivals.

A few basic figures underline the reasons for the group's popularity, with net earnings per share—adjusted for issues—doubling in tha past fiva years and trebling in the past seven to the 1983-84 total of 34.2 cents, equal to A$95m, a level of earnings only A$14m short of total sales 10 years ago. Sales for tha year to June last were A$1.36bn.

Getting this sort of growth has required resort to takeover ahout once every two years, the most significant occurring almost two years ago when it launched a A$220m bid for BMI, a construction materials group, which secured for the expanded Boral group leading positions in quarrying and pre-mixed concrete in the main eastern states and roughly A$600m in sales.

Boral immediately applied its stringent controls to working capital and a cold eye to overlapping assets of the two companies to bring down borrowings and improve operating efficiencies.

With the aid of significantly improved markets for most of its product areas the benefits ahowed through in last year's profit, which represented a record return of 16.6 per cent on capital and reserves.

This emphasis on control at Boral bas won it admiration from the investment community for its ability to win quickly tha benafits from takeovers.

Howaver, a matching emphasis nn improving efficiences of its existing operations has also played its part in ensuring Boral has kept ahead of the pack and indeed been in a position to take advantage of cyclical downturns to bolster its position through takeover.

Presiding over this strategy of growth for the past 11 years has been Sir Eric Neal, only the second chief executive for the company since it was formed shortly after World War II as Bitumen and Oil Refineries (Australia) Limited under the sponsorship of Caltex.

The link with its roots is retained with its road surfacing operations, a cornerstone of its Australian construction materials division which contributed A$600m to total sales last year from its leading or significant market shares in quarry products, pre-mixed cement, reinforcing steel and road surfacing.

Divisionally, building products is the next largest with sales of A$360m in Australia. Again the company has dominant or strong positions in bricks, concrete roofing tiles and plasterboard.

The company also turns out steel tube and wire products, mostly for rural use, and is a main player in the liquefied petroleum gas distribution markets and also provides gas reticolation to part of the city of Brisbane.

This energy dimension bas recently seen Boral outlay some A$50m to taka control of Oil Co of Australia, an oil and gas explorer which is soon to move to the production phase from natural gas reserves it shares with its 60 per cent partner CSR in central Queensland.

Expansion

Maanwhile, although its shares in some of the building and construction markets are large and tha group's exposure to the Australian construction and civil engineering industries is beavy, Sir Eric believes there remains room for growth in Australia.

However, overseas markets—and particularly tha U.S.—ara destined to play more important roles for the group.

The U.S. last year provided some A$100m of sales and around A$10m to profits as investments in concrete roof tiles and hrickmaking made in the lata 1970s began to produce solid returns.

Tha tila interests are being expanded in California while a new plant in Florida—which with Texas will give Boral three U.S. tile plants—is undarway. In bricks the company now has capacity nf some 600m a year—around 150m more than capacity in Australia—with a sunbelt bias to operations in Georgia, Maryland, South Carolina, Mississippi and Oklahoma.

With California, Texas and Florida individually representing bigger markets than Australia, the attractions are obvious, although Sir Eric does not sae overseas operations dominating domestic business.

The push to the U.S. has heen helped hy the regional nature of tha building products industry, which bas kept the level of investment within its grasp, while the levels of technology and expertise required have long been mastered in the Australian market and proved readily transferable.

The U.S. interests also include fly ash distribotion and wbile the BMI acquisition alse gave it a fly ash and lightweight aggregates operation in the UK (as well as pipe and electrical interests) Boral sees few attractions in moving into building products areas in such a relatively undynamic market.

LACHLAN DRUMMOND

Pragmatism is the new elixir

TO SAY that the mining industry has learned to love Bob Hawke's Labor Government might be going too far, but the industry has certainly reached a roughly satisfactory accommodation.

On the two most controversial issues in mining politics—the export of uranium and the rights of Aboriginals to prevent mining on their land—Hawke has bulldozed his party's left-wing into submission.

Mining/minerals

● Here and on the following three pages, Ian Hargreaves examines the prospects for key areas of Australia's natural resources sector.

Taxation policies have also turned out to be less draconian than was feared. Although Labor is in the process of delivering its pledge to impose a resources rent tax on the oil industry it will, after much friction with the states and with the industry, apply only to offshore fields and then not to the two largest fields—Bass Strait and the Northwest Shelf.

Although sections of the industry continue to complain noisily about RRT, it remains true that the Government has cut rather than raised oil taxes and as was shown in the recent special tax deal offered to Esso and BHP to develop additional small reservoirs in Bass Strait, the approach remains flexible.

The only negative which can be stated with certainty is that in going for a profits-based tax system, Australia has aerosoled the whiff of bumper profits on a major offshore strike.

The real problem in the Australian oil industry is not Government policy, but a low success rate. The country still has only one significant oilfield, Bass Strait, which was discovered 17 years ago. Australia also has a small but for the most skilful players highly profitable, onshore oil and gas sector, which is where most of the Australian companies are doing their business.

In the same way, the mining industry's problem is not, primarily, high rail freights or lack of access to prospective land It is the slump in world commodity prices.

This is well illustrated in the case of uranium mining, which has caused so much political heartache for the Labor Party over the years. Having agreed that two existing mines and one new one—Western Mining/BP's Olympic Dam copper-uranium deposit—can go ahead, there is a distinct chance that Olympic Dam will be proved uneconomic in current circumstances by a feasibility due for completion next March. True, anti-uranium campers still sit outside the gates of Olympic Dam, but so far as the mining industry is concerned, it has become pantomime; hush theatre.

The position on Aboriginal land rights is not quite so clear cut, but during the election campaign Mr Hawke made a symbolic visit to Western Australia to stand beside the local Labor premier, Brian Burke, and announce his support for the West Australia Government's approach on the subject.

Although much detail of both the Perth and Canberra strategies remains to be revealed, the Burke Government's official statement of principle on the matter issued last month in response to an independent report on land rights, contained the crucial sentence that "there will be no veto of mining or exploration."

Tripartite talks

In other words, Aboriginal groups will have the same rights as other landowners to negotiate terms with the mining companies, but not to block them indefinitely since the mineral resource will remain the property of the states.

Mr Hawke, having backed this principle, will now have to decide whether to try to roll back legislation in the Northern Territory which has already conceded aboriginal control over mining rights and as a consequence blocked development of a number of prospects.

Pragmatism, it is abundantly clear, is the elixir of this Government, although the right and centre-left of the party, to which Senator Walsh, the Resources and Energy Minister belongs, prefer the term "economic rationalist."

It was the economic rationalist school which, after professional advice, went for profits-based oil taxation rather than royalties, but it was the pragmatist who quickly decided it was not worth years of conflict to force the states to drop their royalty-based systems for taxing onshore oil. As a result, Australia's oil taxation system remains, like most others, a hodge-podge. The latest element in the mix is to be a U.S.-style cash-bidding system for offshore leases.

What remains unclear, presumably because in the true spirit of pragmatism it is being made up as Mr Hawke goes along, is the boundary of intervention in the private sector this Government intends to observe.

The ALP platform, for example, contained a commitment to set up a national hydrocarbons company, but that seems definitely to have been abandoned in Canberra.

On the other hand, the idea of a resource development fund, whose shares would be offered to small Australian investors and which would be entitled to 10 per cent of any foreign resources investment, still rates the occasional lukewarm mention.

A touchstone here, possibly, is the approach of the Burke Government, which has used the newly formed Western Australian Development Corporation to manage a trust for investors in the state's recently developed Argyle diamond venture. There is a possibility that this same approach will be taken to secure public equity and therefore, in essence a seat on the board, for the proposed West Australia aluminium smelter and the development of the state's next iron ore mine.

"We don't want to gain control, but we do want to have some influence on decisions," says David Parker, the Minerals and Resources Minister.

Parker, aged just 31, is the embodiment of the combined economic rationalist/pragmatist approach at state level. Along with Bruke, he is listening to the advice of a Canadisn academic, Prof Paul Bradley, on how to reform the state's approach to minerals taxation, which is expected to turn out in favour of a profits-based approach.

The economic rationalist, however, gives way to the political pragmatist on the subject of taxing gold, which Parker opposes "for straight political reasons." ie, there are votes, a lot of them in marginal areas, in the state's gold industry.

In Canberra, a similar debate rages, since the Treasury is keen to hriog gold into the tax net for the first time since the 1940s.

The other hig development in Western Australia, which also mirrors the Hawke style, is the setting up of tripartite industry committees to discuss strategy and settle grievances. Mr Parker recently chaired the first meeting of the Iron Ore Consultative Committee aod there is a similar national body, based in the east, for coal.

Although opinion within industry varies from the scornful to the *curious* about this epidemic of tripartism, whether the subject be the national wages accord or the coal council, there is a widespread recognition that it is worth playing these matters the Government's way to see what emerges.

Strengths

In coal, though, there remains a sharp difference of view between industry and labour representatives on the council about *fundamental issues*. The Unions want the Government to set up a coal marketing board, along the lines of the Australian Wheat Board, which they believe would create an Australia Inc. capable of outsmarting or at least not heing outsmarted by Japan Inc in the annual coal contract talks.

In Canberra, a more subtle attempt has been made to create an Australia Inc approach by stealth by setting unofficial price parameters before negotiations and telling the coal companies that anyone stepping outsida them will not receive permission to export.

Against this political background, the major companies are going their own ways in search of new opportunities. The liberalisation of exchange controls has helped encourage a burst of foreign expansion by BHP and CRA.

The emphasis among these leading companies is upon low cost operation and the use of technology to exploit *downstream opportunities*, which are held to offer tha chance of better returns than the traditional business of quarrying.

Mr Gene Herbert, an assistant general manager at CSR, which has interests in sugar, coal, oil and matals, says his company has identified its strengths as: "mobilising capital in large licks; producing, transporting and selling raw materials and handling medium technology, but not high technology."

Uncertainty

Just where that will lead when CSR moves from a phase of consolidating its coal and oil businesses to expansion is not certain.

"Years ago brewing would have been a good choice—sugar, chemistry," ha suggests. The same note of wanting to move downstream is starting to be struck in many boardrooms, although not in all of them.

At a time of low metals prices, however, companies with the traditional approach suffer most. Western Mining's earnings hase—its nickel business—has been shaken by the events of the last two years, but its rapid expansion in gold has kept it out of real trouble. Western, like many nther smaller companies, has also moved into oil in recent years.

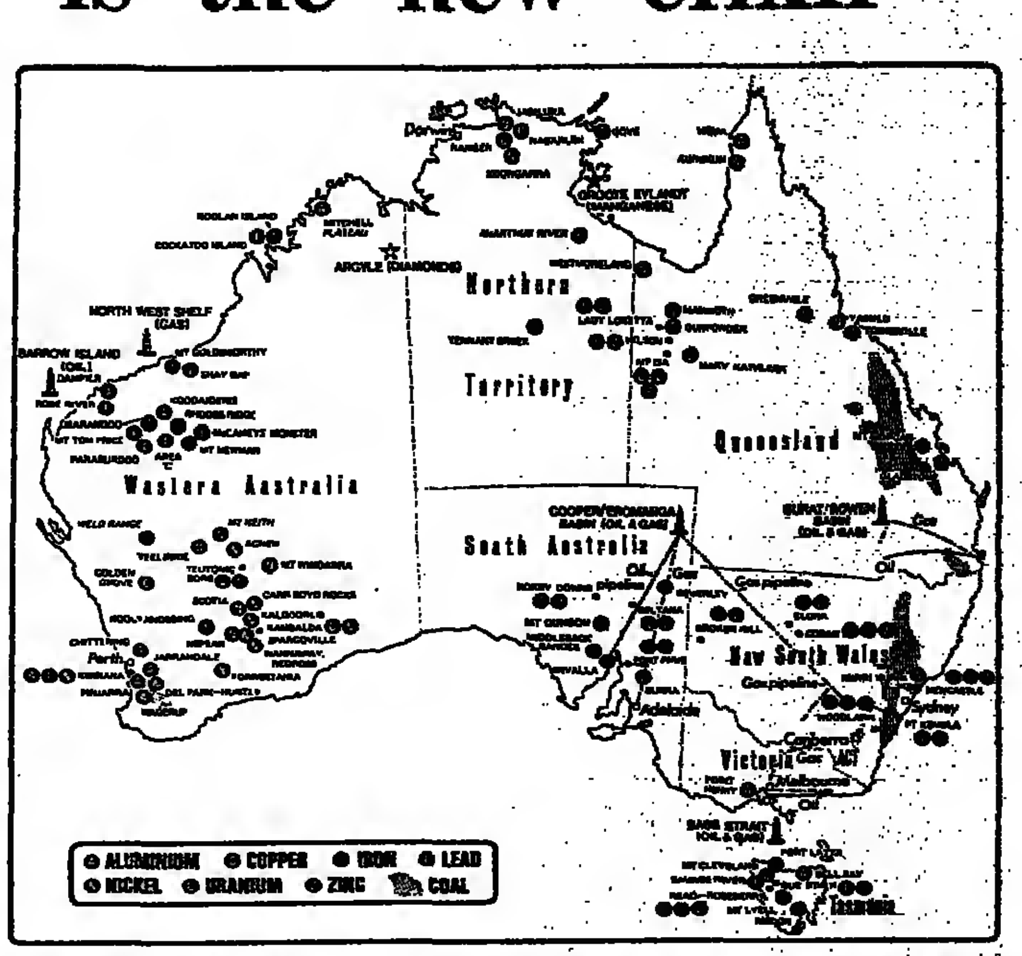
Any company with major copper interests — MIM Holdings, for exampla — has also had problems. Renison Goldfields has just embarked upon another attempt to close its heavily loss-making copper mine in Mount Lyell, Tasmania.

Seltrust, the 75 per cent BP-nwned mining company, reached a point of collapse under its debt and BP is now working on a plan to hive off Seltrust's gold business as a separate entity before absorbing the rest. Seltrust's profits in iron ore — a result mainly of the drop in the Australian dollar against the U.S. dollar last year — have not been sufficient tn offset its problems in nickel. An ambitious plan to expand the Agnew Nickel Mina (owned jointly with MIM) has been dropped.

There will undouhtedly be more shaking out of this kind in copper, nickel, coking coal and lead if prices do not improve.

On that score, it has to he said there is very little optimism indeed. On a two-week trip around the country's mining and oil world I encountered only one bullish prediction about metal prices — in the offices of Bain and Co, the Sydney stockbroker.

Even if Mr Hawke continues to bat on the industry's side, it will not be an easy pitch to play on in the next few months.

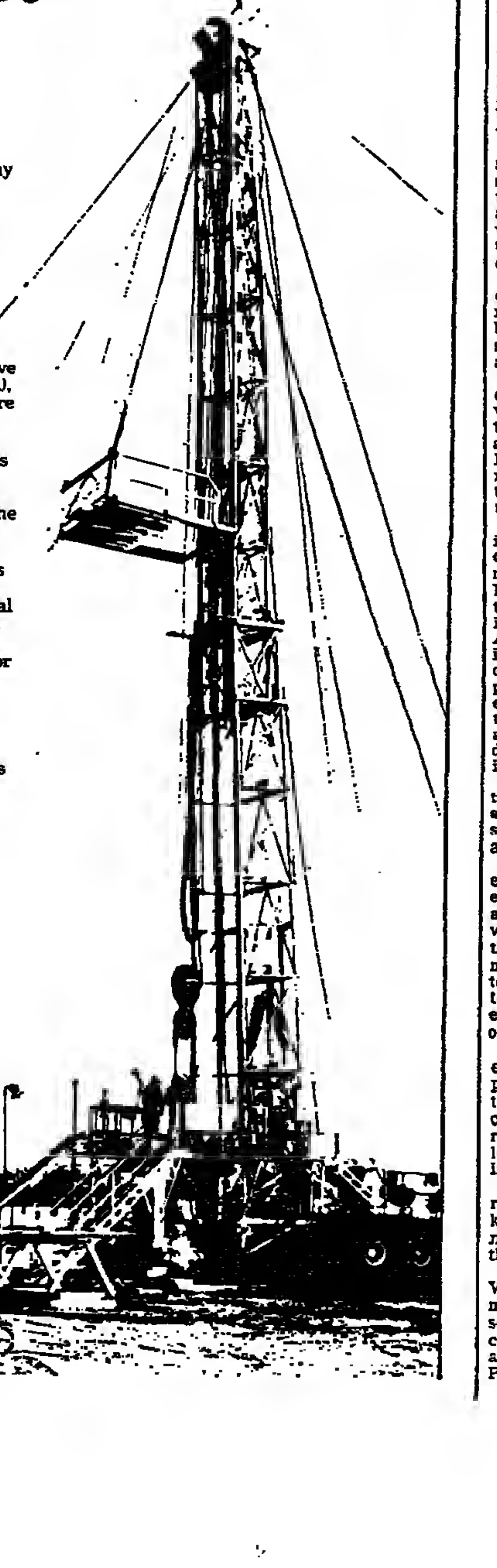


FOR further reading, there are a nnmber of mining reference books which corer Australia, bnt the newest and most rapidly growing is the Register of Australian Mining.

Edited by Ross Louthean, a Perth-based mining journalist, the 488-page register has an unrivalled rundown ef projects, along with sections on companies, directors and analytical overviews of the various sectors.

Louthean's own main interest is gold, which gets more space in the register than oil and gas combined. But as every gold investor knows, there is nothing quite so complex as the corporate structure of the Australian gold business. Mr Louthean is a capable guide.

Register of Australian Mining, 1984-85: Australian Consolidated Press, PO Box 5252, Sydney NSW 2002 A$110 Australia; A$130 overseas.



Sector all set to expand once again

AFTER a period of hesitation in the early 1980s, Australia's aluminium industry is again in expansionist mood.

Encouraged by the rapid rundown in Japanese aluminium smelting capacity, Australian producers see themselves filling a gap in Pacific basin supply and extending their reach beyond that.

Two smelter projects are being actively promoted at the present time: a joint venture lad by Alcoa and the Government of Victoria to resume work on a smelter at Portland, west of Melbourne, which was abandoned amid a slide in aluminium prices in 1982; and a project being promoted actively by U.S., Korean and West Australian interests to build a smelter in southwest Australia, close to large bauxite reserves.

Although some scepticism is appropriate in discussing plans to expand the Australian aluminium sector—at the height of the resources boom in 1980 there were half a dozen projects on the drawing board—there is a strongly held feeling within the resources industry that aluminium is one of the few sectors capable of accommodating significant Australian expansion.

According to Shell Australia, the country's cost base for aluminium production ranks third in the world at 64 cents a pound (1983 prices), only narrowly behind the U.S. Pacific northwest (62 cents) and Canada (57).

Aluminium

IAN HARGREAVES

But the important point is that these three producers account for little more than one third of the world market; the argument is that the high cost smelters of Europe and the U.S. East Coast will have to make way.

Australia also feels it has a major natural advantage in its large reserves of bauxite and its equally large—indeed over provided — alumina refining sector.

Following a period of rapid expansion, Australia now accounts for 38 per cent of the world's bauxite production, 30 per cent of its alumina output, but only 4 per cent of aluminium production.

The case for further vertical integration, especially since alumina prices did not enjoy the resurgence experienced by aluminium in late 1983 early 1984, is held to be incontestable.

Beyond that basic proposition, however, there is more than adequate scope for controversy. Whilst the partners in the latest alumina refinery at Worsley in West Australia smart at their losses, the aluminium producers squabble like their brethren the world over about electricity prices.

Comalco, the largest native aluminium company (owned by CRA and Australia Mutual Provident), having completed an expansion programme of its own in eastern Australia argues that the Portland and West Australia smelters cannot possibly be genuinely low-cost, since they lack access to cheap domestic coal and a strong power grid.

That, however, has not prevented the Victoria Government both taking equity in the Portland venture and offering an electricity price linked to the price of aluminium. Comalco, meanwhile, has embarked on a major new adventure of its own, paying $400m for most of the aluminium interests of Martin Marietta, the U.S. aerospace company.

The West Australia project, which is also being heavily promoted by the Government, although the eventual Government equity is likely to be only between 5 and 10 per cent, arouses similar controversy.

Meanwhile, if Portland and the West Australia smelter plans go ahead, they will eventually add over 500,000 tonnes/year to Australia's aluminium sector, taking it past the 1m a year mark.

Strong growth in exports

THE AUSTRALIAN coal industry, for all its innate promise and strong recent growth in both output and exports, continues to weave around itself an atmosphere of problem and perplexity.

So it is worthwhile setting down, for the record, some of the good things that have happened in the Australian coal industry in the last two years.

● A 20 per cent increase in exports to 66.5m tonnes in 1983-84, compared with the year before.

● A cut in the export levy and a freeze on key transport charges in New South Wales.

● The removal of shipping bottlenecks with a 50 per cent increase in combined New South Wales/Queensland port handling capacity.

● Strong recovery in Japanese electricity demand and steel output—a key market.

● Formation of the Australian Coal Consultative Council, a tripartite body which has had some success in resolving disputes in the industry.

● A fall in the number of working days lost due to disputes from 649,000 in 1981-82 to 133,000 in 1982-83 and 109,000 last year.

● A 10 per cent increase in output per manshift in the underground mines since 1982.

The industry is even profitable (contrary to the impression sometimes given). According to a Coopers and Lybrand study, the industry returned 5.7 per cent on funds employed in 1983, which may not be a bonanza but nor is it a disaster.

In 1984, the figure is likely to be somewhat lower—around 4 per cent.

Coal

IAN HARGREAVES

Now it is true that a rival list of bad points could also be assembled, chief among them the success of Japan's well-organised buyers in inflicting this year a price cut of $1.50 to $3 a tonne. Japan accounts for 57 per cent of Australia's coal exports. Although partially compensated for by a decline in the A$/US$ exchange rate, the continued weakness of prices is a reflection of persistent over-supply in the world industry.

This situation may start to improve for the producers of steam coal in 1986, but there is little prospect of the coking coal market returning to balance. Most of the recent growth in exports has been steam rather than coking coal.

Among the other less-than-bullish points is the fact that whilst underground productivity has improved, productivity in open cut mines has deteriorated, especially in New South Wales; as a result partly of pits being forced to work at less than optimum output.

Big variety

But the most important point about all these sets of figures is that, within them, there is great variety. Several producers have major problem mines in New South Wales—CRA's Kembla Coal and Coke and BP's Clutha prominent among them, but when these companies attempt to achieve cutbacks and efficiencies or demand further concessions on state royalties and transport charges, they are told they must subsidise the unprofitable mines with the profitable ones. The tax and levy burden rose from 18.4 per cent of industry revenues in 1981 to 22.6 per cent in 1983.

The Australian Coal Consultative Council has placed itself at the centre of such arguments with the chief outcome so far an agreement by the NSW industry to lower the coal miner's retirement age from 58 to 55.

An attempt is now being made to produce a state-wide three-year accord on restructuring, although there is considerable scepticism within the industry about the chances of success.

Some coal executives feel the whole procedure is merely an attempt to delay any dispute beyond the general election in order to preserve the image of industrial consensus upon which the Hawke Government relies.

Meanwhile, from company to company, the coal situation varies greatly. The Queensland Coal Trust formed by BHP to handle its acquisition of Utah's Queensland mines remains the most profitable group in the industry.

Those who bought into the industry relatively late like BP and MIM Holdings, are saddled with large amounts of over-capacity and, in the case of MIM, heavy debt. The coal assets which BP bought for A$350m between 1976 and 1979 are operating at half their potential capacity. Large amounts of coking coal capacity are shut in at current prices.

It is this overhang of capacity, estimated in Canberra at between 20m and 30m tonnes a year—against annual production of 120m tonnes—which, coupled with similar over-capacity elsewhere in the world threatens to curb the industry's profitability.

The Australian Government will continue to do what it can to manipulate export prices—in this year's negotiations with Japan Canberra threatened to withhold export licences from companies *tempted to accept* prices below levels the Government considered reasonable—but it will be an uphill task. If oil prices slide further, weakening coal's competitive position, the job will be impossible.

That means, according to everyone in the industry I spoke to, that a shakeout remains both a necessity and a certainty.

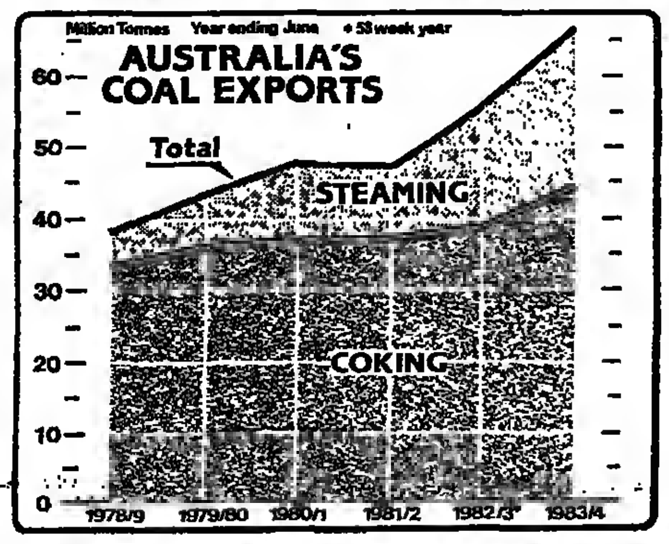
The axe, according to most judgments, will fall on the older, New South Wales underground pits, even though studies by the coal consultative council have shown quite clearly that if capital costs are taken fully into account the new generation of Queensland open cut mines produce the most expensive coal at $57.70 a tonne.

Challenge

But since these mines have lower operating costs and are seen as having a better long-term future, their output will be maximised at the expense of the underground mines.

This point, however, will not go unchallenged and the politics of the coal industry in the next year promises to be tense. Because of trade union structures, it is not normally possible to transfer men who lose their jobs underground to open cut mines—but the main underground miners' union (the Miners' Federation) does control a few key jobs in opencast mining, such as shot-firing.

Union politics could yet, therefore, exert some uncomfortable pressures on the industry this year, if not on the Government itself, for whom a coalminers' attack on the wage accord would be a major test.



While there was a 20 per cent increase in coal exports to 66.5bm tonnes in 1983-84, compared with the previous year, most of this export growth was in steam coal rather than coking coal.

Australian coal: how costs compare

Figures in A$ per tonne

Latest Queensland open cut	57.70
NSW upper Hunter Valley underground	54.97
NSW south coast	53.42
NSW western underground	50.78
Latest NSW open cuts*	50.08
Old Queensland open cuts	46.69
Old NSW open cuts	46.17

* "Latest" means post 1978.

Source: Australian Coal Consultative Council.

Cost of landing coal per tonne in Japan—major suppliers:

Australia	$52.70
South Africa	$47.10
Canada	$55.00
U.S. East Coast	$60.00

Source: Moores and Phillips: Dr Ian Story.

The outlook for some of Australia's uranium properties is highly troubled, as projects are being postponed.

Doubts about the future

AFTER MONTHS of uncertainty Australia now has a comprehensive government policy on uranium mining, but doubts about the future development of the industry persist.

Prime Minister Hawke's success in finessing the anti-uranium lobby at this year's Labor Party congress means that Australia's two existing uranium mines—Ranger and Nabarlek, both in the Northern Territory—can remain in production, but that only one of the many proposed additional developments—Roxby Downs (Olympic Dam)—will be eligible for a uranium export licence.

This position is excellent news for the owners of Ranger—Energy Resources of Australia, whose main shareholders are North Broken Hill and Peko-Wallsend.

They have a low-cost mine, with secure contracts well into the 1990s and the capability of doubling production from the current 3,000 tonnes of ore per year to 6,000 tonnes at a small additional cost. ERA is one of the most profitable mining operations in Australia.

Uranium

IAN HARGREAVES

It is important to make that point, since the outlook for the rest of Australia's uranium properties is highly troubled. Nabarlek has mined all its ore and will cease operations around 1988 and the future of Roxby Downs will depend upon the outcome of a feasibility study by its owners next year. All other uranium projects are on ice.

The problem for Roxby is that uranium spot prices have fallen from $45 a pound to $17 a pound in the last six years as utilities in North America and Europe have cut back their nuclear power programmes in the face of weak electricity demand and dumped surplus uranium oxide or yellowcake on the market.

Currently about 40 per cent of Australian uranium is sold to Japan and 25 per cent to West Germany.

Utilities are prepared to pay more than $17 a pound to secure long-range supplies and indeed Australian mines are not allowed to export at prices below the Government's floor price, which is unpublished but understood to be around $35 a pound.

Australian mines are also not allowed to sell to France, Europe's leading nuclear power-user, because Australia disapproves of France's Pacific nuclear weapons testing programme.

The combination of these political and economic factors means that Australia's uranium industry can develop only slowly in the next few years. This is somewhat ironic in the light of the mining companies' continued success in discovering reserves.

According to the latest Government figures at the end of last year, Australia has 474,000 tonnes of "reasonably assured reserves" of uranium, recoverable at below $80 a kilogramme, an increase of 160,000 tonnes on the year-earlier estimate.

Australia, the reluctant uranium miner, is now sitting on 30 per cent of the world's proven reserves.

Tough development decision ahead

Olympic dam

IAN HARGREAVES

THE DECISION to develop Olympic Dam promises to be a formidably difficult one, especially for BP, which has lost $A137m in Australia in the last two years and whose involvement in the copper industry in the U.S. through Sohio-Kennecott has brought nothing but distress.

For Western Mining, the mining company most admired by Australian professionals for its prowess in geology, exploration and mining engineering, the problem is one of scale and timing.

Olympic Dam will cost around $A1.6bn to bring its projected output level of 150,000 tonnes of copper a year and 3,000 to 4,000 tonnes of yellowcake (dried uranium oxide).

Western Mining, with annual sales of $A428m is looking at a project whose total development cost is more than the book value of the company's entire assets. Moreover, for all its success as an explorer, Western Mining's bedrock business is the production of nickel, which is a near loss-making business at current price levels.

Western's bottom line is being polished these days only by its gold mining — the business it started out in, 51 years ago.

It was because of the mismatch between its own financial strength and the scale of Olympic Dam that Western insisted when it farmed out 49 per cent of the discovery to a cash-rich BP hungry for diversification in 1979 it required BP not only to finance all preconstruction and to fund its own share in the $A1.6bn mine development, but to guarantee that Western Mining would be able to borrow money to finance Western's share of the cost at a named interest rate and against only the security of Olympic Dam cash flow. BP, in essence, agreed to bankroll the world's biggest mine.

Since then, there has been some tough bargaining. Having seen pre-construction costs rise from the original estimate of $A50m to $A150m, Western was recently prevailed upon to chip in $A35m. BP has also been released from its joint venture to explore the area around Olympic Dam for further signs of mineral life.

Clearly there is more bargaining to come. Both companies publicly state the position in the most diplomatic terms.

"We stick by the joint venture," says BP, "but if the economics turn out to be marginal, we are likely to view the project in different terms from Western Mining, since our costs will be different."

At Western Mining, the view is that the financing package was what gave BP's 1979 farm-in bid the edge over rival offers.

"To change it now, BP would have to offer something very attractive in return," says Western.

Meanwhile, behind the financial sparring, the two companies —using a Western Mining-led management team — have already dug themselves a substantial mine, complete with company township and ore processing plant.

Cast into the burning red scrubland of South Australia, Olympic Dam (or Roxby Downs as it is also known) is 100 km from the nearest useable water supply and 90 minutes flying time north from the project office in Adelaide. It is not difficult to see where the $150m was spent. So far 600 surface holes have been drilled, 6,000 metres of tunnels have been driven and 13,000 tons of ore processed. The existing mine shafts is capable of extracting 1.25m tonnes of rock a year.

"The more drilling we do, the more complex it is," says Bob Crew, the mine manager. "That's probably a good sign. It means there will probably be more ore than published."

The published figure, for what they are worth, speak of 2bn tonnes of mineralisation, within which lies a delineated ore reserve of 450m tonnes, containing average grades of 2.5 per cent copper, 0.8 kg per tonne uranium oxide, 0.6 grammes per tonne of gold and 6 grammes per tonne of silver.

Bob Crew, however, is not primarily looking for more ore, as his men blast their way beneath the surface, followed by the drillers looking for their core-samples, they are looking for pockets of higher-grade ore which might offer Olympic Dam a chance to start production by 1989, even if the copper price continues to languish. Since 1979 the U.S. dollar price of copper has fallen 30 per cent in real terms.

The immediate hope is that 2m tonnes of gold ore could be found in drives around the main, 500-metre-deep shaft. So far, however, that objective has not been achieved, in spite of some isolated sections where gold runs at 9 grammes per tonne — figure which would be commercial in a small, low-cost underground gold mine.

At the processing plant, a lot of recent effort has gone into perfecting techniques of producing copper concentrate rather than smelted copper blister, in the belief that Olympic's marginal economics might be rescued if there was no need to build a smelter.

But at the end of the day, the consultant's feasibility study is certain to report that Olympic Dam only has a future if secure markets can be found for its yellowcake and if copper shows signs of moving from the 55 cents a pound which pushes into loss just about every copper mine in Australia and North America.

Western Mining professes confidence that in spite of the global oversupply of uranium, contracts for the early 1990s can be written, perhaps with the UK, Sweden, Germany or the U.S. and later in the 1990s with Japan. If this could be achieved, it may be that Olympic Dam could survive weak copper prices.

"I think Olympic Dam will be mined eventually," says Ewan Worthington, a mining analyst with Hoare Govett who has made a special study of Olympic Dam's economics, "but I would not be surprised to see BP back out."

One possibility is that BP, if Western agreed, since it has a pre-emption right on any sale of equity, might sell some of its own stake to a power utility in order to tie up a uranium contract.

The prevailing view among other mining companies in Australia, including some who tried to buy into their project in 1979, is that Olympic Dam will be put on ice indefinitely.

"I'd say its definitely not a goer," says John Macleod, group economist of CRA.

If Olympic Dam does not go, it will be a major embarrassment for those who manoeuvred with the Hawke Government to win permission to go ahead in the first place and in spite of continuing protests by the anti-nuclear lobby at the mine. There will be no shortage of other uranium projects queuing up to take Olympic Dam's place on the select list of uranium mines with permission to export.

A massive project by world standards

IF IT is developed, Olympic Dam will probably be the biggest mine in the world. It contains sufficient uranium to meet world demand for at least a decade and mineable copper equal to almost four years of world consumption, not to mention the mine's silver and gold deposits.

Yet the project may not go ahead, so depressed are prices for copper and so sated is the market for uranium. The partners in the mine, Western Mining (51 per cent) and British Petroleum (49 per cent) will try to make their minds up next March, when a detailed feasibility study on the project will be complete.

Plenty of action in colourful Kalgoorlie

Gold mining

IAN HARGREAVES

THESE DAYS, Bill Hicks has an office in Perth's premier business district, rathe than alongside his chemist's shop in Kalgoorlie. Very nice the office is too, with seal-grey walls and carpets and an embossed chrome plate in the entrance lobby, reading "Central Kalgoorlie Gold Mines."

Bill Hicks has brought his prospector's gold to the big city—for family reasons, he says, with four sons now at boarding school. After 43 years in Kalgoorlie—his father-in-law is the mayor—Bill Hicks wanted a change

But the town he has left behind and where his staff of geologists and engineers still look after Central Kalgoorlie's interests is enjoying the biggest boom in its colourful history.

"There is not a building block available anywhere in Kalgoorlie," says David Reed, the local stockbroker. "This is probably the most affluent country town in Australia today."

Kalgoorlie's transformation, and with it the turnround in the entire Australian gold busines, is one of the more remarkable stories in recent mining history.

Only six years ago, the town was on its uppers, buildings boarded up, rusty machinery everywhere and the last mine in Kalgoorlie's famous "golden mile" of prospects, Mount Charlotte, faced with possible closure.

Today, there are five gold mines in production on the golden mile itself, including Central Kalgoorlie's, and for a 100 miles north and south of the town every scrap of remotely prospective land is pegged.

The same thing is also happening, to a smaller extent, in gold prospective areas in other parts of Australia. The Kidston gold mine in Queensland, recently the subject of an over-subscribed share flotation, will become the country's biggest gold mine next year and there are other good developments in Tasmania and southern Australia.

In the last five years, the values of Kalgoorlie's many elegant older houses—the inspiration of an earlier goldrush —are between three and four times higher than they were five years ago.

But in spite of challenges from the east, Kalgoorlie itself where 91 years ago Paddy Hannan, on the point of dying of thirst, found the town's first gold, remains the undisputed heart of the Australian gold business.

The wealth and the graciousness of Paddy Hannan's day is evident in Hannan Street's magnificently restored buildings, with their covered pavements and wrought iron ballustrades.

This respect for the past is symbolic of the fact that the new goldrush began with the re-combing of old mine sites for ore capable of extraction by modern chemical methods.

Advantages

The advent of carbon-in-pulp technology, which involves dissolving specks of gold out of crushed rock and then re-precipitating it on carbon elements, from which it can then be stripped, has made the goldrush possible. That and the price of gold, which after a period of volatility in the early 1980s, has exhibited a very satisfactory stability in Australian dollar terms in recent months.

The grades of gold in the eastern goldfields, as the area around Kalgoorlie is known, are low by South African or North American standards—between 3 grammes and 12 grammes a tonne of ore, which means the gold is more or less invisible to the naked eye.

These conditions, however, have proved perfect for the incubation of dozens of tiny companies, known as "junior companies" in the Australian mining world, some of which got a start in the brief nickel boom of the late 1960s. Most of the reserves are capable of exploitation by open-pitting methods, which keeps costs down, and ore treatment plant is not prohibitively expensive.

At the Government's last count, there were 160 companies actively involved in gold in West Australia. Investment in the last four years is estimated at $A420m.

Total Australian gold output this year at around 35,000 kilogrammes, compares with 32,000 kg last year. This represents only around 3 per cent of free world gold output, so even if Australian production doubles by the early 1990s, which is quite possible, it will not in itself make much difference to the global supply-demand picture.

But there is enough gold to keep Kalgoorlie and the junior companies busy. Although Australia's biggest goldmines — Telfer in the northwest and Mount Charlotte in Kalgoorlie — are run by large companies, the juniors are starting to emerge as significant gold producers.

"This is a unique moment in time," says Bill Galbraith, chairman of Carr Boyd Minerals.

"Never before have so many junior companies, which in 1980 took a view on gold when the majors were cutting their budgets, come through so successfully. There are 22 juniors in W. A. with mineable deposits, of those 12 will be profitable." Ask him to list them and he comes up with 24. Even Bill Galbraith is losing count these days.

Bill Galbraith's energy and excitement is characteristic of the people behind the new gold rush.

Galbraith's own background is in seismic exploration with Texas Instruments and it is not long before a conversation in his office sees him leafing through aerial photographs taken with his "multispectral scanner," a device he hopes will revolutionise exploration techniques.

Assortment

Carr Boyd has 40 per cent of the promising Harbour Lights deposit near Leonora and a pay-roll which sounds more like Silicon Valley than Perth—six researchers on the scanner project, four geologists, two fieldmen, a company secretary, and three girls.

Other prospectors and gold people in Perth and Kalgoorlia are as remarkable an assortment of people as you could wish to find.

There is Ian ("Inky") Cornelius, whose great grandfather was transported from the Cornish tin mines. He grew up in Kalgoorlie, went to the town's famous school of mines and learned all about mining leases (or tenements) in a spell with the Government's bureau of mines. Like most "gold people," his fingers are in a number of pies. He is executive director of both Command Petroleum and West Coast Holdings, which has a producing mine at Wentworth, and is behind the recent relaunch of another gold prospector, Aquarius.

In between time, operating from an old house in west Perth, he still runs a consultancy service and trades the odd piece of land on his own account.

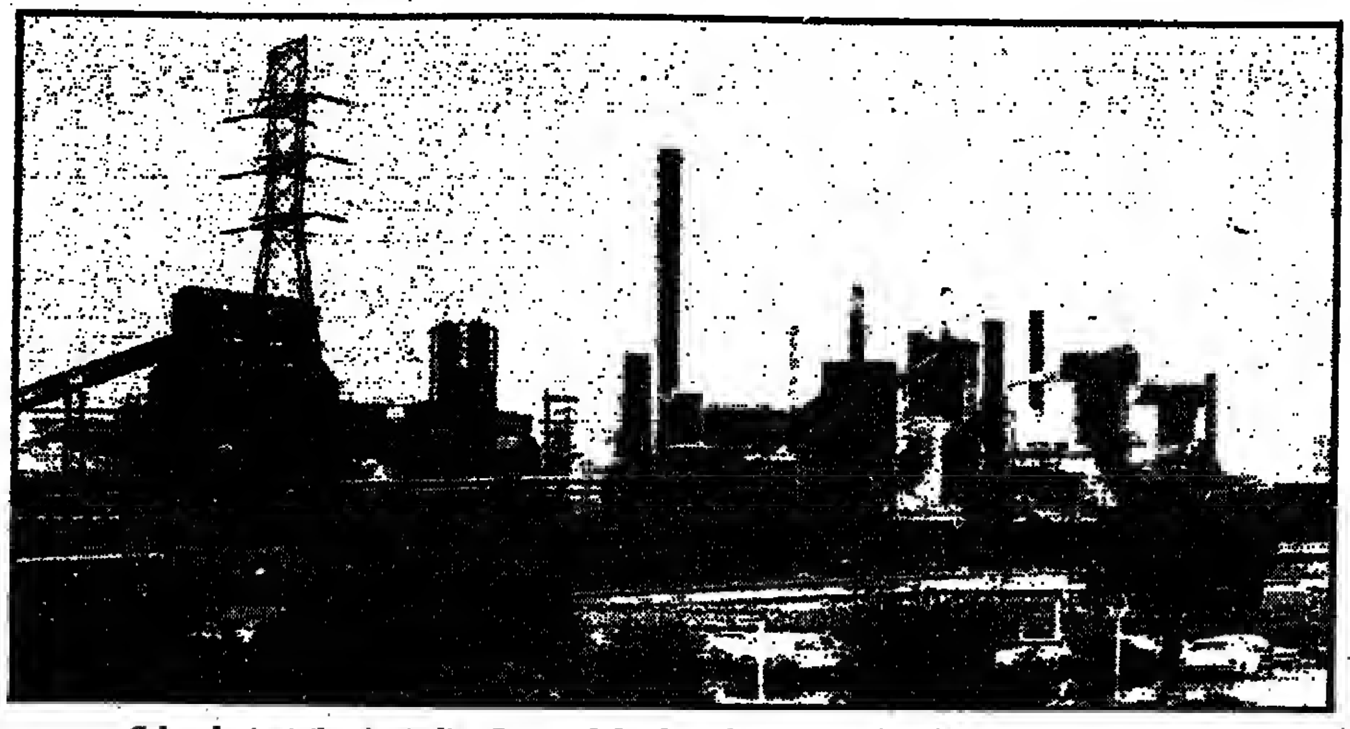
Inky Cornelius went to school with Frank Lubbock, who is now very much in demand in Kalgoorlie as a consultant engineer. Some of the junior companies, which tend to be run either by professional financiers, lawyers or by geologists, have run into problems with their ore-processing plants and Lubbock has a high reputation as a plant engineer. He is responsible for Bill Hicks's golden mile plant at Central Kalgoorlie.

Lubbock is as dogged as Cornelius is free-spirited. David Muller, who runs two companies, Samson and Samantha, is different again. A geologist with EZ (recently taken over by North Broken Hill), Muller has an MBA and worked for some years as a consultant before returning to Perth in the mid-1970s looking for a way into the diamond boom.

Now his companies—kept separate to prevent loss of control—own a large stake in the Horseshoe Lights goldmine and have several other notable positions, some in conjunction with major mining companies.

In recent weeks, the toast of Kalgoorlie has been the team that found extensive orebodies at Southern Resources' Mount Pleasant prospect.

Sorting out the winners from the losers will not be easy for the large body of investors, in London and elsewhere, which likes to play the Australian gold share market.



Coke plant at the Australian Iron and Steel Works at Port Kembla, New South Wales.

A BIG QUESTION IN THE OIL INDUSTRY: WHICH REFINERY WILL BE THE NEXT TO GO?

Hoping to cut losses downstream

THE DOWNSTREAM oil sector in Australia, perhaps because it is sealed from the world by an elaborate price-protection system, attracts little international interest, but in the last year, much has been going on.

BP's takeover of Ameco's refinery and marketing outlets was the major event—a move which allowed BP to close its own, inefficient refinery and to place itself just behind the market leader, Shell, in the retail market.

BP now has 23 per cent of the petrol market, compared with 25 per cent for Shell, 16 per cent for Caltex and 14 per cent for Mobil.

But with demand flat and expected to stay that way, the talk in the industry is already about which will be the next refinery to go.

On economic grounds, it is said, Mobil's South Australia unit is most vulnerable, but since it is the state's only refinery, politics may save it.

Although subject to heavy Government control—maximum wholesale petrol prices are set by the federal Government and refiners have to buy a fixed proportion of Australian crude at pre-determined prices linked to the Price of Saudi light—the Government is not blamed for the heavy losses the industry has suffered in the last two years. Caltex lost $A24.8m last year pre-tax and BP $A97.4m, not all of it in the downstream oil business.

According to Mr Robin Gourlay, BP's director of oil trading, who has witnessed plenty of petrol price wars in the UK, there is nothing to compare with the ferocity of the Australian market.

"The price can change by six cents a litre overnight," he says. At around 45 cents a litre, (£1.40 a gallon) Australia has the cheapest petrol in the developed world.

As the number of petrol stations is reduced, from 22,000 in the mid-1970s to 11,000 today and a planned 7,000 to 8,000 in years ahead, there is some hope that the position will stabilise. Ameco, before it sold out, was a notable price-cutter.

"Our strategy," says Mr Gourlay, "is to get our costs low, so that next time there is an industry crisis, it is not BP which is screaming hurt one of the others."

Weaker prices reduce exploration interest

Oil sector

IAN HARGREAVES

ALTHOUGH the search for oil in Australia has in the last year maintained the lively pace established in 1982 and provided plenty of excitement for the stock market, the industry looks like ending the year without a major find and the country still facing the early prospect of a decline in its level of self-sufficiency.

Given the background of weakening oil prices, it is not surprising that there are also indications of a fall-off in exploration interest. A number of American companies — Occidental, Mesa and Gulf — have drawn back from Australia and there are currently only four rigs working in Australian waters, compared with 10 at the peak last year.

Figures from the Australian Petroleum Exploration Association show that seismic testing of offshore oil prospects is expected to fall from 13,368 kilometres last year to 11,850 kilometres this year.

Within APEA this is taken as a sure indication that the ill-effects of the Government's proposed resources rent tax are starting to make themselves felt.

"It undoubtedly makes the offshore areas less attractive," says Mr Alec Carmichael, chairman of Santos, in a mild rendering of the dominant industry view.

Not everyone, however, agrees. Four significant oil companies, including BP and Woodside Petroleum ("we were like a skunk at a party," says Woodside finance director Ian Clubb) favoured the [illegible] system of taxes rather than the existing royalty approach.

But most significantly of all BHP, the biggest offshore explorer, is pressing on regardless.

"Our exploration budget offshore will not be affected by RRT," says Roy Foster of BHP Petroleum.

The intention of the Government in setting the new tax structure, which has yet to become law and is therefore subject to Mr Hawke's expected victory at the polls, is to pitch Australian taxation in the middle ground of international oil tax regimes—less generous than the U.S. but better than the UK. Indonesia is the most frequently cited comparison.

RRT will only apply to offshore fields, will have a threshold point of 15 per cent plus the longterm bond rate (i.e. around 28 per cent in practice), with a tax rate of 40 per cent. Onshore oil will continue to be taxed by royalty, but the rates have been cut and smaller fields exempted to stimulate activity. The Government's original objective of a single tax structure for the industry has been abandoned in the face of state resistance.

But the best argument against the RRT is not that it taxes profits or takes the glitter from bonanzas — profits based minerals taxes are intellectually highly respectable—but that in comparing itself with Indonesia, the Government is being too optimistic about geological prospects.

"We just are not another Indonesia in terms of the chances of finding oil," says Gene Herbert of CSR, which following its takeover of Delhi Petroleum is a substantial onshore oil company.

A lot of companies would go along with that. BP has spent $A250m offshore Australia and found nothing. Shell has not done any better.

Big hit

It remains true that the only big hit in the Australian oil scene is the Esso-BHP Bass Strait field, which continues to account for over 85 per cent of Australian oil production and whose projected decline in the late 1980s is the same national oil output decline the politicians have now grudgingly accepted on their own charts.

The Department of Resources and Energy in Canberra was, for a time, promoting a more optimistic scenario, but has fallen into line with Esso's forecasts following the disappointing follow-up this year to BHP's Jabiru find about 500km west of Darwin.

The agreed forecasts now suggest Australia's level of self-sufficiency will fall from 70 per cent to below 60 per cent by around 1990. Another depressant for the oil industry is the fact that the most gas-prospective areas are in the west, where the small domestic market will be saturated with Northwest shelf supplies for many years. Much Australian gas is, essentially, shut in under current conditions.

The oil industry is always capable of surprises, especially in a country as large and relatively unexplored as Australia, but the industry does now seemed to have settled down into the following pattern:

● Offshore: the Gippsland Basin in Bass Strait between Victoria and Tasmania; the Barrow Island fields off the North West Coast, the large North West Shelf gas project and the Timor Sea area off the north coast, which includes Jabiru. These areas all produce oil and are the focus of most exploration.

● Onshore: the major interest is in further development of the Cooper-Eromanga and Bowen-Surat basins in west Queensland and the north east of South Australia, because well-developed pipelines to major population centres make even small finds commercial.

There have also been minor onshore successes near the west coast in the Canning Basin and in the centre of Australia in the Amadeus Basin, which optimists believe will one day have a pipeline connection to Darwin in the north.

These different types of prospect tend to appeal to different types of company. The big companies—the multinationals and BHP are concentrating offshore, mainly off the North West coast, where Woodside has farmed out interests in many of its permits.

Policy change

From Barrow Island, in the west, to Darwin there is a considerable amount of activity, which the Government hopes to cash in on when it holds its first round of cash licence auctions for Timor Sea acreage, probably early next year.

This represents a significant change of policy, coupled with other changes in licence-holding arrangements, designed to prevent small companies taking on leases on the pledge of a work programme (the basis of existing lease allocation policy) in the hope that someone else would strike oil nearby and send the value of all permits in an area soaring. This is a basic technique in the mining world, whose culture has strongly influenced the Australian oil scene.

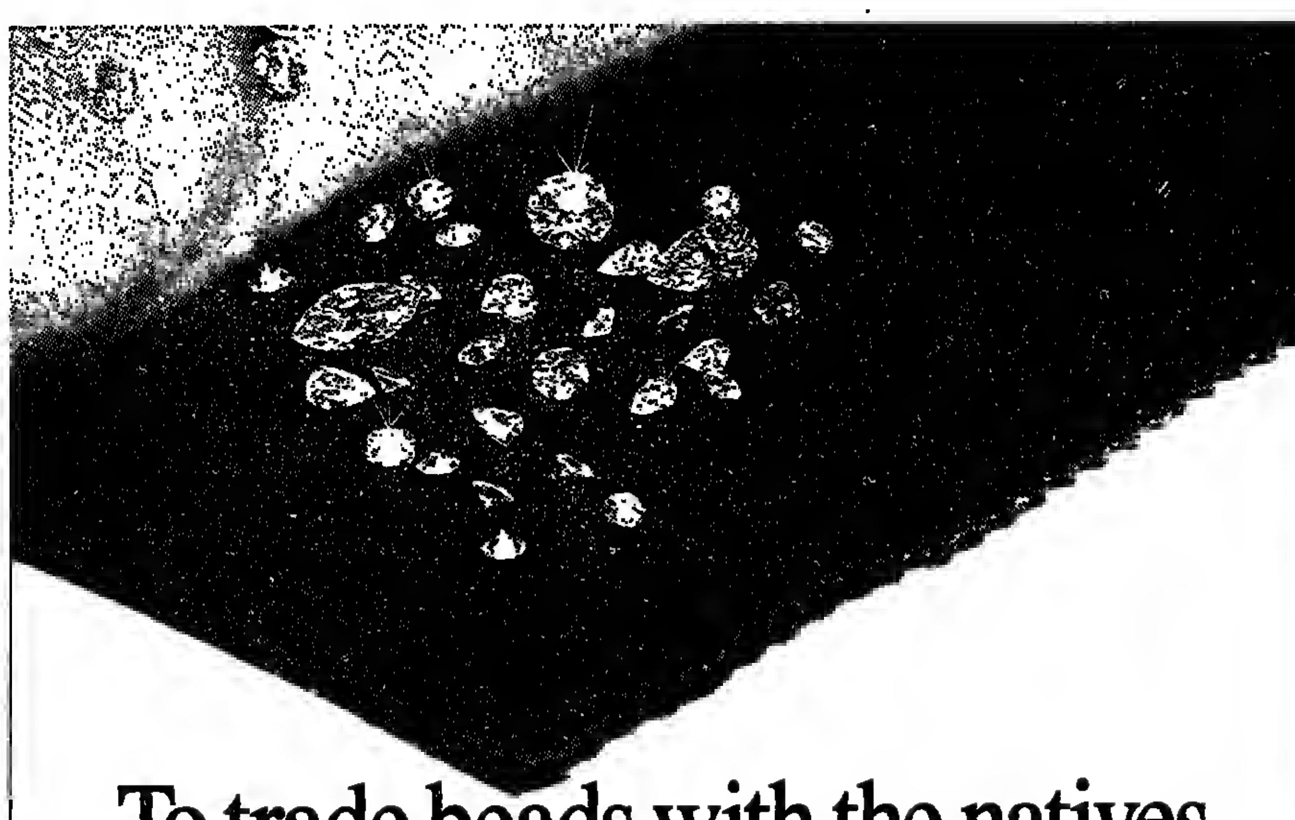
Although some smaller oil companies are enraged at this move, it may well, in time, change the structure of the offshore oil industry, which in the west especially is still composed of dozens of small, speculative companies.

Onshore, the level of costs is more suited to the small companies, although even here the big are getting bigger and Santos, with an exploration budget of $A200m over three years, is the dominant force.

Santos is widely expected to pick off several smaller companies in the Cooper-Eromanga Basin, which is now producing very strong cash flows, in order to streamline the cumbersome ownership structure of leases, which sometimes involve as many as 11 partners.

Nonetheless, it will be primarily in these offshore basins that the smaller but serious companies such as Delhi, Crusader, Hartogen and Bridge will make their progress, surrounded by the restless waves of speculation which are a vital feature of the Australian oil scene.

Most excitement in the last year surrounded BHP's Jabiru find, which after subsequent wells is now rated a minor, but quite possibly still commercial discovery.



Australia 14

Low returns for bumper harvest

ROD METCALFE

RECOVERY FROM the drought which ravaged parts of Australia for up to four years, until April 1983, has been rapid and spectacular.

The rains of April last year were followed by one of the best seasons in living memory, and those conditions look set to continue until the end of this year. Even with very little rain between now and January, the next wheat harvest, due to start in earnest about now, will be the third largest on record, with an estimated initial value to the economy of A$2.5bn.

Against that, however, is the fact that, according to all calculations, the real net value of farm production in Australia in the current financial year is tipped to fall by about 29 per cent over last year's level.

Last year's returns were artificially inflated by a way-above-average wheat crop of 22m tonnes. However, the return to more normal levels of production has again highlighted warnings made at the National Agricultural Outlook conference early this year by the director of the Bureau of Agricultural Economics, Dr Andy Stoeckel, that Australian agriculture would return to a downward trend pattern with a return to more normal seasons.

Dr Stoeckel said over last year's rapid recovery from drought had only helped disguise many of the long-term problems. The good news, however, in the latest BAE outlook projections, are that the value of rural exports from Australia are expected to top A$10bn for the first time in the next financial year, but again this figure is being inflated by bumper wheat export shipments.

It is hardly surprising to find that the mood of the Australian farmer at present is one of frustration at being in the midst of a one of the best seasons seen, but expecting low returns or soft market conditions for most products.

There is frustration at the trading policies of the EEC and the U.S., which are viewed as being uncommercial, disruptive and the cause of many of the ills of Australian agriculture.

There is also minor agitation and frustration in some quarters that farmers are now having to deal with a highly pragmatic and popular Labor Government which has not shown the signs of self-destruction or anti-rural bias many farm leaders and agri-politicians had expected.

To date the Government, and especially the Minister for Primary Industry, Mr John Kerin, has shown itself to be highly sympathetic to the needs of the rural sector, and that it is prepared to take tough decisions and show leadership on some farm issues which dogged the previous Government.

That a Labor Minister could be, in many respects, more effective than the farmers' own National Party Ministers has come as a surprise to large sections of the rural sector.

On an industry basis, wheatgrowers' problems are that their bumper harvest will only exacerbate world export supply problems, putting some downward pressure on prices. Additionally, returns from the coming crop could be depressed even further if the dollar, in which Australian sales are made, begins its long-awaited slide.

Wheatgrowers are also having troubles with what they claim to be unnecessarily high government-imposed charges on wheat handling and carriage costs. This issue surfaced strongly among New South Wales growers early in September, when a series of "wheat crisis" meetings were held across the state.

Woolgrowers are frustrated. The Australian Wool Corporation, a statutory organisation, has spent nearly A$800m on market support activity in past two years, and build up a stockpile of over 1.5m bales of raw wool.

The growers are contributing 5 per cent of their gross wool receipts to support the market, 2.5 per cent of thier receipts to help promotion. The International Wool Secretariat (IWS) receives upward of A$65m in Australian grower and government funds annually to promote and improve wool's market position, yet still the stockpile mounts.

For the past two years the industry has been told that the stockpile would start to retreat in line with world economic recovery, but the opposite appears to be heppening, for the time being at least.

At the other end of the scale, cattle producers are now relatively happy, for they are receiving some of the highest prices on record, ending a decade of poor returns.

The herd has fallen by over one third—from 34m to 20m—in the past 10 years under the influence of poor outlook and drought, but is now so low as to be insufficient to meet projected domestic and export demand.

Whatever frustration was formerly felt by cattle producers has largely dissipated under the combined effects of better prices and the overhaul by the Government of the statutory industry body, the Australian Meat and Live-stock Corporation.

While the corporation is virtually powerless in the marketplace, it became the centre of attack by cattlemen as being one of the major reasons for the industry's unprofitability. Calls for a restructuring of the corporation received little apparent sympathy from the previous Government. However, Mr Kerin moved quickly, and cattlemen are now busy trying to come to terms with the new structure and the claimed backlog of issues.

Yet the industry is still reeling from the discovery early this year that old friendships count for little when matched against political muscle on world trade issues. Australia failed to out-negotiate the U.S. on the Japanese beef market, and cattle producers now feel frustrated at their lack of power.

Exports and imports

Rural produce: fob port of shipment

	1981-82	1982-83	1983-84‡
Exports of rural origin (A$m)	7,943	7,412	8,570
Other exports* (A$m)	11,141	13,244	15,155
Total exports fob† (A$m)	19,083	20,656	23,725
Imports fob† (A$m)	22,379	21,610	23,494
Trade balance (A$m)	−3,296	−954	282
Exports of rural origin as percentage of total exports (%)	41.6	35.9	36.1

* Includes balance of payments adjustments. † Balance of payments basis. ‡ Preliminary.

Source: BAE.

Stockpiling costs clip profits

Wool sector

ANTHONY MORETON

FROM HIS office at the top of the Australian Wool Corporation's tower block just off Royal Perade, Mr David Asimus, chairman of the corporation for the past five years, has a magnificent view out of the flat suburbs of the city and into Victoria.

The immediate view is clear and interesting, taking in his sparetime love, the Royal Melbourne Golf Club. Further out, towards the sheep farms of the state, the view becomes obscured by the haze.

The view is symbolic of the problems facing the industry. The near view, encompassing the short term, looks bright and encouraging; the far view, the longer term, is clouded with doubt and some uncertainty.

Australia has just come through a difficult patch. The worst drought on record played havoc with the farming industry and sheep numbers fell by 3.3 per cent to 133m. Those numbers have started rising and are now around 138.6m, which is reassuring for the future.

Wool demand is up, too, and *consumption is* bucyant on many world markets, especially the vital U.S. sector where a programme to increase sales of woollen clothes has been highly successful.

But neither demand nor consumption has risen fast enough to match the increase in sheep numbers on the farm allied to the greater weight of clip which is being obtained. The cut-fleece now averages 4.45 kilos a head, a rise of some 2 per cent over the long term average of 4.34 kilos, and the result of better clips from more sheep means more wool on offer.

Simultaneously with this improvement the Australian dollar has strengthened both against its main supply-country competitors—by 25 per cent against the South African rand and 20 per cent against the New Zealand dollar—and by 30 per cent since 1978-79 against a basket of currencies representing the major wool-buying countries.

All these factors have led to increasing market intervention. The corporation has a scheme by which it buys wool at auction for the stockpile once it reaches a floor price. This stockpile is financed by a levy on growers' incomes.

The stockpile was 980,000 bales at the end of the 1982-83 season but this rose to 1.33m at one point in 1983-84 (the season ends in August each year) before coming back to 1.23m. At the end of 1980-81 it had been 188,000 bales.

With flat-buying conditions contiouing in the first half of the 1984-85 season the stockpile is now up to 1.5m and before the peak is passed early next year it is thought it could rise to somewhere between 1.7m and 1.8m bales.

This is not the figure that will be recorded at the end of the 1984-85 season because the first six months of each calendar year are traditionally a time when the corporation is a net seller. *Only* once since the system was introduced a decade ago has the corporation been a net buyer in the first half of the year (or second half of the season).

Nevertheless, the almost-certain rise in stocks over the year will put extra pressure on the corporation's finances. Mooey is certainly available to fund the stockpiling but with wool in store worth A$780m the cost of finance is extremely heavy.

Extra pressure

If the industry is to continue in prosperity the campaign in the U.S. is all-important. Wool consumption in the U.S., the world's richest market, fell drastically after the oil price rises of the early 70s, going down from 141m kgs in 1972 to 80.5m kg in 1975. There was subsequently some increase but when the campaign started consumption was on a plateau at a little over 100m kg.

To boost U.S. sales the Australian Wool Corporation put another U.S.$8.5m into a special programme undertaken by the International Wool Secretariat—the marketing arm of the world's wool growers—undertaken apecifically in the U.S. In addition, another U.S.$1m was added to the 1982-83 IWS budget for the preperatory phase which would allow the five-year plan to begin in 1983-84.

The campaign got off to a good start because it coincided with an upturn in the U.S. economy. The result is that wool consumption is already arouod 140m kgs a year.

That is a more than satisfactory start in a country where there is a built-in prejudice towards man-made fibres in particular and disposable items in general. Wool consumption in the U.S. represented less than 2 per cent of that country's total fibre offtake in 1982. The prospects for the future are therefore good.

There is a slight worry at the moment in Melbourne that the U.S. economy could have peaked. It will be three or more months before clear indications become available but if it has levelled off the difficulties involved in selling more wool in this market—which is crucial for the wellbeing of the Australan wool farmer—will undoubtedly increase.

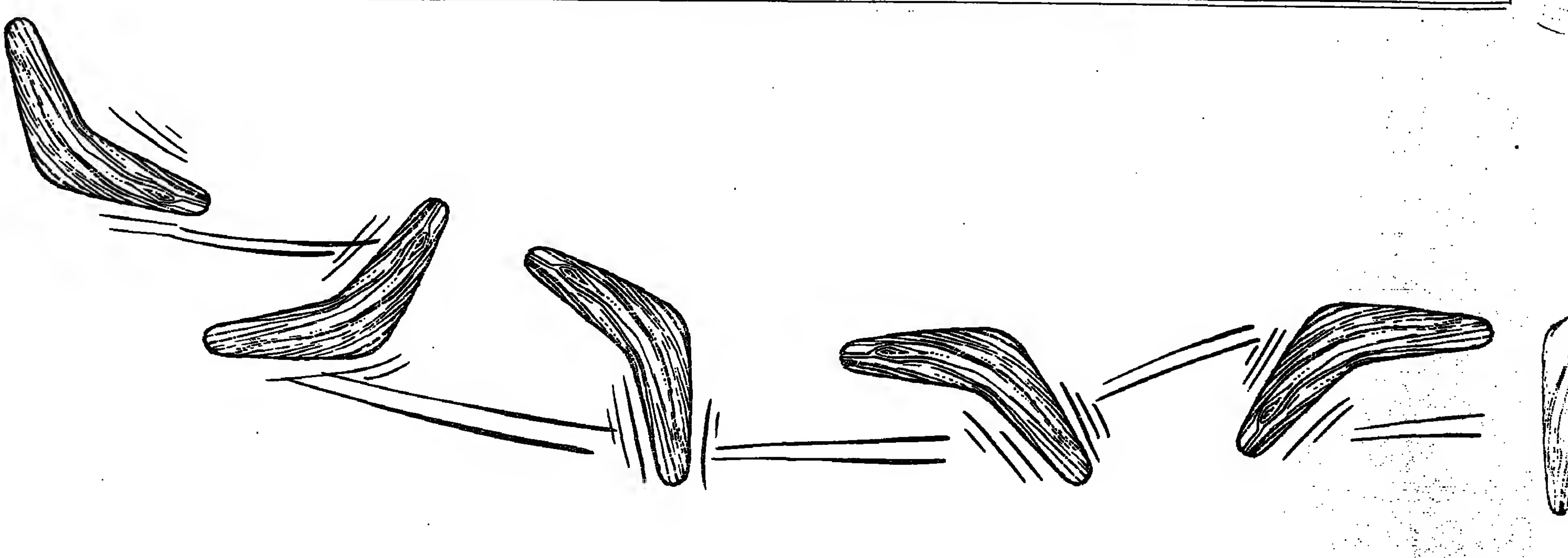
The other concerns are about the USSR and China, both big wool consumers, but unpredictable buyers. Soviet orders have been stable for some five years but last year they dropped steeply to 26m kgs.

If anything, the Chinese are even more unpredictable though the presence of a buying delegation in Australia at the moment is seen as a hopeful factor despite their high level of stocks.

There was a time when wool was the mainstay of the Australian economy but that has long since ended. Australia no longer rides on the sheep's back. Even so, wool still accounts for some 10 per cent of the country's export earnings and is the second most important individual earner of overseas currency. Its prosperity is, therefore, of great importance to the economy.

Wool export trade changes

Country of consignment	July 1983-June 1984 $Am	Change compared to previous year $Am	%
Japan	422.968	+ 46.429	+ 12.3
USSR	248.730	+ 4.466	+ 1.8
Italy	206.137	+ 63.784	+ 44.7
France	183.908	+ 17.113	+ 10.3
U.S.	117.552	+ 65.811	+127.2
West Germany	108.025	− 4.777	− 4.2
Taiwan	90.788	+ 31.749	+ 53.8
Korea	90.645	− 8.621	− 8.7
China	83.353	−107.707	− 56.4
Poland	70.323	+ 33.167	+ 89.3
Netherlands	53.664	+ 4.424	+ 9.0
India	50.018	+ 9.872	+ 24.6
UK	44.152	+ 13.176	+ 42.5
Belgium-Luxembourg	38.874	+ 7.140	+ 22.5
Yogoslavia	31.689	− 31.574	− 49.9
Czechoslovakia	23.357	+ 0.769	+ 3.4
Iran	21.884	+ 7.424	+ 51.3
Hong Kong	21.765	+ 11.691	+116.1
Turkey	19.061	+ 0.148	+ 0.8
East Germany	16.708	− 0.164	− 1.0
Other	107.057	+ 1.775	+ 1.7
Total	2,050.578	+165.799	+ 8.8



Sugar cane growers are in the doldrums

Sugar sector

CHRISTIAN TYLER

THE DROUGHT has not really ended in Queensland, world prices are at rock bottom and the leafhoppers—carriers of "Fiji disease"—are spreading through the cane paddocks. To cap it all, the health faddists are going around saying sugar is bad for you.

Farmers, of course, are always telling us how terrible things are—even as they climb into their expensive saloons. This time, it is true. The sugar cane growers of Australia are in bad shape and likely to remain so for the next three years.

In the past there was always a boom round the corner. Today, according to industry economists, there is none in sight.

With 80 per cent of their production destined for export, the farmers invariably trace their long-term problems back to the EEC. A net importer of sugar in the mid-Seventies, the EEC, with its agricultural support system and huge export subsidies, is today the world's biggest exporter of beet sugar to the free world.

The failure of the last negotiation to renew an export-limiting International Sugar Agreement has also helped precipitate a collapse in the "free" market price. The London daily price per tonne of raw sugar was down to around £108 at the end of last month, compared with an average £139.59 during 1983 and a high of £410 during the previous boom. "We'll start getting interested when it hits £220," says Mr Jack Smith, secretary of the Mackay district canegrowers' executive in central Queensland.

The lack of rain has meant extra fuel costs for the irrigation pumps. Fertiliser and other direct inputs continue to rise in price. Consumption of sugar at home and abroad is stagnant or falling, and there is competition from high-fructose corn syrup (Coca-Cola uses it now) and from artificial sweeteners.

Interest rates have been high, and the farmers' debts are becoming unmanageable. In the next few months, between 5 and 10 per cent of the 6,000 growers along the Queensland coast will face bankruptcy.

Many are drawing on their savings, or keeping the farm alive by drawing on their families or on outside business interests. Those with enough acreage to justify employing a second or third man have done without this year, and the extra workload has created family tensions, even despair.

One 67-year-old grower, compelled to manage by himself now, said he netted only $A12,600 last year, when the union minimum for a field-worker was $15,000. "If you were working in a bloody sugar mill or a bloody mine or something you would retire at 55. There's no superannuation here—only what you get when you sell your property."

External events may have conspired to prolong the slump. But the industry's own structure is not helping to overcome it. There are no sugar plantations and no sugar barons in Australia. It is a family business, handed down from father to son, each typically living on 100-150 acres.

It is the most regulated industry in the country, if not in the world: Every farmer has his assignment of land, or his licence to grow cane. He is tied to his local mill—usually a co-operative owned by the farmers themselves—to which he delivers a set quantity of cane for crushing. The mills are given production quotas ("mill peaks") by the Queensland government, acting through a central prices board. This is a statutory body, with a judge as chairman: local boards are presided over by magistrates.

Quantities and prices are both fixed, according to the demand of the home market and of pre-committed export deliveries. The extent of excess over "peak" that mills can accept is also regulated.

The sugar is bought by the Queensland state government (including the small quantity produced in Northern New South Wales). It acts on the advice of a Sugar Board, which supervises distribution and investment. The board in turn employs the big industrial conglomerate CSR, and the smaller Millaquin Sugar Company, to refine and market the product.

The federal government protects the industry with an import embargo, and also sets a domestic selling price which at least guarantees the farmer a return in bad times (though it may be to his disadvantage when world prices are high).

To put this in perspective: at present the domestic price is around 23 Australian cents a pound of refined sugar, while the world price is some 6.5 cents a pound for raw sugar and the break-even price would be around 10 cents.

The big talking point in Queensland now is what kind of federal help to ask for. Australia's Industries Assistance Commission reported on the industry exactly a year ago, recommending abolition of the import ban and substantial deregulation of grower and miller.

One of its main findings was that the system was making it almost impossible for farmers to operate flexibly, or to lower their costs by getting extra throughput on productive land. The assignment system meant that too many farmers were, in effect, landlocked. Allowed to expand and to grow "risk" sugar when they chose, they would be better able to fight for export markets. The industry is not inefficient in world terms, just over-insulated from the market.

In return for these reforms, said the IAC, the Government should for five years underwrite the farmer's revenue.

The report was greeted with "howls of anger," according to one official.

But there are signs that the federal government's ideas are taking root. A few weeks ago, growers representatives in Mackay voted unanimously for an assistance scheme that would help the more successful buy out the weaker (thus preserving the value of the properties). They did not ask for hand-outs so that failing farmers could hang on to their cherished acres.

The industry's review of itself is due to be handed in within the next few months. It is a fair bet that the submission will go a long way to meet the IAC's suggestions, provided—as they say in Queensland—the uneconomic farmer "can go out with dignity."

Government criticised over its liberal, multicultural immigration policy, but Britain remains largest single source country for new settler arrivals

'A taboo subject too long'

Immigration

MICHAEL THOMPSON-NOEL

"SCRATCH an Australian and you find a racist." That claim is much less true than it was, but even to-day, when the notion of a multicultural Australia is virtually a national dogma, it is still possible to hear echoes of the notorious "White Australia" policy that governed immigration quotas earlier this century.

At present, there is a rather half-hearted controversy in Australia over immigration—half-hearted, one suspects, because most Australians shy away from the rigours of debate. They prefer to go sailing, or fishing, or to watch a game of footie.

Nevertheless, the controversy is there, even if most politicians tend to steer clear of it, as they would a brown snake. The man at the forefront of the controversy is Professor Geoffrey Blainey of the University of Melbourne, one of Australia's best-known historians and a well-known author (The Tyranny of Distance, et al).

Last March, in a speech at Warrnambool, Victoria, Prof. Blainey suggested that Government immigration policy was too liberal, and was running ahead of public opinion; that the percentage of Asian immigrants was too high, and that the proportion of British migrants be increased.

In a new book, All for Australia, Prof Blainey asks this question: "Should Australia continue to be dominated by Anglo-Celtic peoples and the English language and institutions? Or should it become a new Eurasia?"

One of Prof Blainey's arguments is that most of the vital characteristics of Australia—democratic government, freedom of speech, freedom to worship — are not common in Asia or the Third World.

"If immigration from the Third World is too rapid, it might well impose pressures on our democratic institutions. The pressures do not necessarily have to come from the immigrants. They can come just as easily from the old Australians if they are, ideologically and emotionally, divided about the wisdom of the immigration policy."

Prof Blainey says immigration has been a taboo subject too long, and that it "should not be left to politicians and bureaucrats in Canberra, or those who scrawl slogans on subway walls."

Prof Blainey was widely criticised for his views, although some Opposition spokesmen, including Mr Andrew Peacock, leader of the Liberal Party, argued that "balance" was lacking in the total immigration programme.

This was countered by an editorial in the Sydney Morning Herald, a generally enlightened and progressive morning daily, which said that the argument that "balance" needed to be restored to the immigration programme was euphemistic, a disguised way of saying that too many "Asians" were coming to Australia.

"It was a volte-face by a party which, when in government, initiated the very same non-discriminatory immigration policy it has since impugned.

It remained to be seen, said the editorial, "Whether the recent debate has damaged Australia's reputation abroad as a country which has decisively repudiated a long history of racial exclusion. It is clear, however, that the Government is determined to uphold our non-discriminatory immigration policy, to welcome an increasing variety of peoples to this country, and to reaffirm the importance of our relations with Asia.

"None of this implies, as Prof Blainey has asserted, a 'surrender Australia' policy. Rather, it shows that a more tolerant and complex Australian culture is an essential ingrediant in the growth of a more mature, realistic sense of Australia's regional identity."

Things were not always as they are. Prof Beverley Kingston, of the University of New South Wales, says that racism has been a constant feature of Australia's history, and that much of Austraians' "Guilt and anguish flow from our original sin towards the Aboriginal people."

In the 1840s, assisted migration from Ireland was attacked as a conspiracy to swamp the country with Catholics. By 1857, gold discoveries had attracted 25,000 Chinese to Victoria, prompting violent hostility and anti-Chinese laws.

In 1901, the Immigration Restriction Act, better known as the White Australia Policy, prohibited any further migration of non-whites. Most Pacific islanders were forcibly repatriated.

Billy Hughes, then leader of the Labor Party, argued that "Our chief plank is, of course, a White Australia . . . the industrious coloured brother has to go — and remain away." Arthur Calwell, father of the post-war Immigration programme, coined the expression: "Two wongs don't make a white."

However, by the 1980s, Australia's ' former, "fearful racism," to quote author Bruce Grant (The Australian Dilemma: A New Kind of Western Society) had been replaced by an official national policy of "multiculturalism" backed by all major parties.

This was the result, says Grant, of force of circumstance, not a result of hidden spiritual depths or a national strategy.

The move towards multiculturalism, which was officially introduced by Labor in 1972-75, received a major impetus with the exodus of refugees from Indo-China, especially boat people from Vietnam.

Between April 1975 and June 1983, Australia resettled a total of 78,020 Indo-Chinese refugees, comprising 62,560 Vietnamese, 9,440 Kampucheans, 5,938 Laotians, and 82 whose citizenship was unstated.

Total settler arrivals in 1982-1983 were 93,177 (see table), including 26,952 in the "family migration" category, 31,836 in "labour shortage and business migration," and 17,054 refugees. If the refugee component is excluded, Asia provided 11,728 migrants, or 15.4 per cent of arriving settlers, and Europe 15,576, or 20.5 per cent.

Britain remained the largest single source country, with 28,337 settler arrivals (34.6 per cent of the non-refugee total), followed by New Zealand (10.2 per cent). Excluding refugees, Germany was the third largest source country (6.4 per cent).

A new policy introduced in April 1982 expanded family migration eligibility to non-dependent children and brothers and sisters of Australian residents.

Professor Blainey says: "In the last six years there has been a growing concern at the way in which Australian governments, perhaps with lofty aims, have cut the crimson threads (of kinship).

"The cult of the immigrant, the emphasis on separateness of ethnic groups, the wooing of Asia and shunning of Britain are part of this thread-cutting.

"The disowning of our past is also a part. Attempts to depict Australian history as mainly a story of exploitation, or racial violence, of oppressions and conflict, have a measure of truth, but contain a large measure of untruth."

Recently, The Bulletin magazine reported the other side of the coin. It quoted a nurse in Cabramatta, Sydney, as saying: "We've got Asian families on both sides of us and we natter over the fence the way you would with dinkum Aussies. They're very clean and tidy."

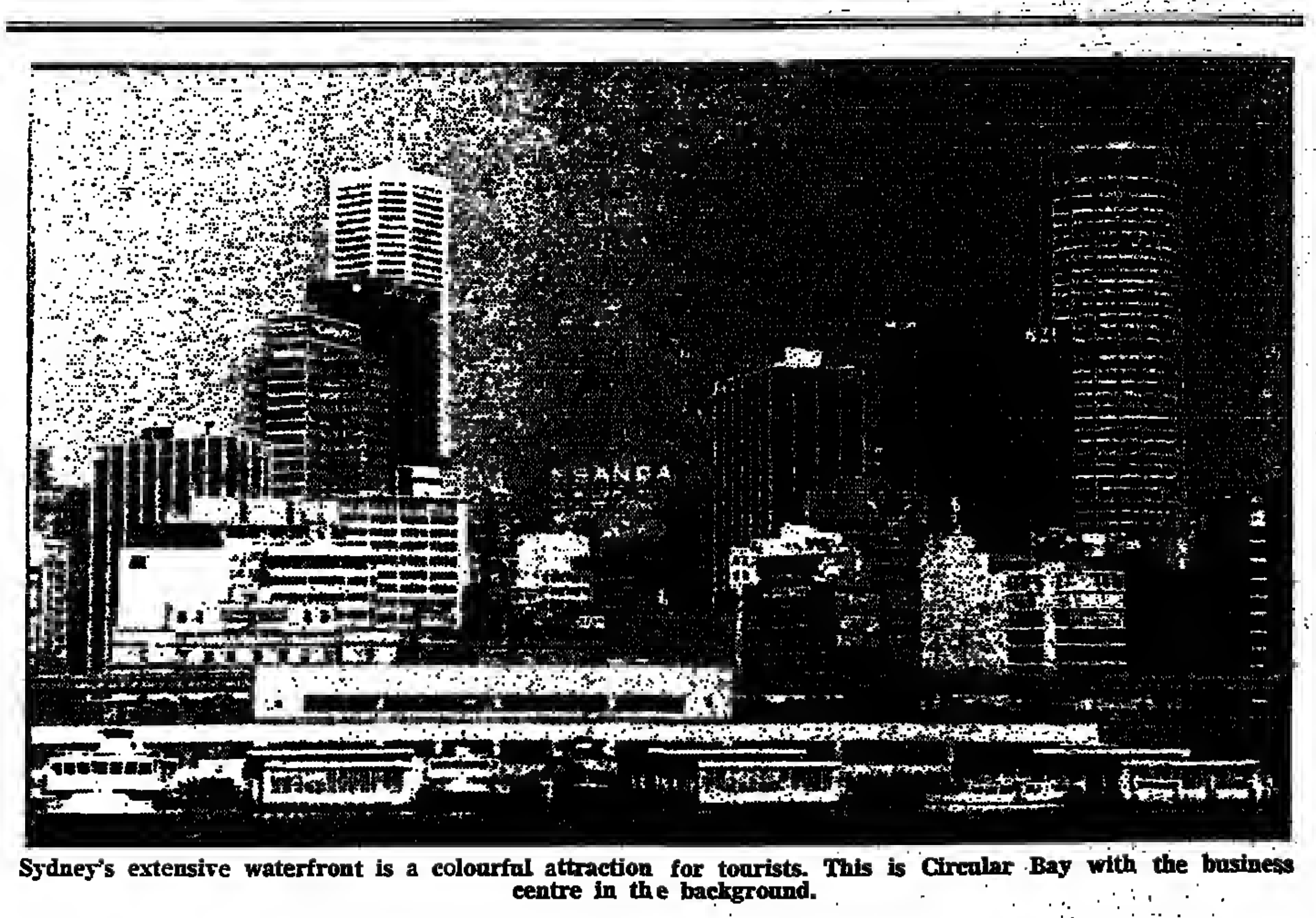
An estate agent added: "Like the so-called dinky-di Aussies, they want a home and security for their families. The big difference is that, instead of whingeing about work, they go out and get stuck into it. They're certainly not lazy.

"I've seen Asian blokes come here with nothing and work and work and work until, pretty soon, they get what they want. They learn English at night and, although they don't drink beer like your average Aussie, they're very sociable."

Settler arrivals by region of last residence

	1981-82 Number	%	1982-83 Number	%
Britain and Ireland	38,863	32.8	27,249	29.2
Other Europe	24,981	21.0	19,731	21.2
Middle East	2,627	2.2	2,188	2.3
North America	3,835	3.2	3,784	4.1
South and Central America	1,386	1.2	1,641	1.8
Africa	5,152	4.3	4,713	5.0
Asia	26,528	22.4	24,486	26.3
Oceania	15,338	12.9	9,385	10.1
Total	118,700	100.0	93,177	100.0

Source: Department of Immigration and Ethnic Affairs, Canberra



Sydney's extensive waterfront is a colourful attraction for tourists. This is Circular Bay with the business centre in the background.

Big new promotional campaign to attract overseas visitors.

The inquiries flood in

BEN SANDILANDS

IT IS only a matter of time before the British witness a message from Paul Hogan, a "character" central to the most visible tourism promotion ever run for Australia. Pride and provocation are the major ingredients of a campaign which sometimes seems as much designed for the national ego as for external consumption.

For several months, Americans have been confronted by "Hoges" signing off with the line "Australia? It's where the America's Cup is."

Apparently they love it.

The level of inquiries and visa applications for Australian travel are at all-time highs. Signs of an increase in tourism are present, but they are less spectacular than the campaign at this early stage, and ambiguous in interpretation. (Alarmed readers should not confuse Hoges with Barry Humphries or the Barry Mackenzie character—that lamentable aberration in recent Anglo-Australian cultural relations.)

Euphoria

So far, the Australian tourism "boom" is long on euphoria but short on firm results or critical analysis. Yet the visitor or travel industry entrepreneur who asks about the origins of this unprecedented campaign will discover something about an Australia approaching a crossroad.

The national promotional body, the Australian Tourism Commission, and the various State Government bureaus, have more than U.S.$75m in public funds at their disposal, and through a miracle of coercion and persuasion they are actually singing the country's praises as choristers rather than soloists.

The prophet of a tourism-led recovery is a former car dealer, Mr John Brown, the Minister for Tourism in the first Hawke Government.

Mr Brown is famous for counting each tourist dollar too many times, and for being publicly urinated upon by koala bears. This happened several times after the minister described koalas as "filthy, scratching, peeing, flea-ridden little beasts" while attempting to make the point that potential visitors should be told less about Australia's unique fauna, and more about the brilliance of its cities and nightlife.

Fortunately no one, not even Hoges, has tried this out on the tourists who fly half-way around the world to avoid the siren attractions of condominium-choked coastlines or the tidal flow of tourists through Venice.

The development of new service industries in computers, off-shore banking and travel are having a demonstrably hypnotic effect on Australians trying to find palatable strategies for coping with the pace of economic development among their Asian and Far Eastern neighbours. Suspicions that tourism is seen as an "easy fix" for the structural problems of the Australian economy may be reinforced by the domestic Hogan campaign, which urges people to find what they want in tourism at home rather than abroad.

The key image is of a man lying on his back, drink in hand, at Queensland's Hamilton Island. The message is that he is a "workaholic, working flat out for his country." Yet the overtime rates for night and weekend work which cripple the cost efficiency of the Australian hotel industry remain far too hard to address, as does the high cost of internal air fares, notwithstanding some limited concessions for international travellers.

Domestic flights in Australia are not as expensive for a given scheduled carrier flight time as in Europe, but more costly than charter operations and far more expensive than the discounted trunk route fares widely available in the U.S.

The ultimate hope for Australian tourism almost certainly lies in a future leisure boom in the rising industrial economies of Asia. The flight times between Hong Kong, Tokyo and Singapore and the key gateways in Australia are comparable to North Atlantic sector times, and there are only minor time zone changes.

Hong Kong-Sydney is close to Chicago-London in flying hours, Singapore-Melbourne is similar to Boston-London, and a direct link between Cairns, the gateway to the Great Barrier Reef, and Tokyo, which is likely within 18 months, would be shorter than any European link with the West Indies.

The absence of a Hogan campaign in Japan or Hong Kong is largely the result of a struggle for territory between the national carriers, which have been unable to agree on more than minor increases in capacity.

At the risk of over-simplifying matters, the Australian view is that capacity should remain divided by bilateral treaties to give half of the potential market to Qantas. The Japanese view appears to be that as they will be providing most of the passengers in a future tourism boom, they should also fly most of the jumbos.

One consequence of this is that even a modestly successful promotion for Australia in Japan would generate a demand for seats which could not be satisfied until the airlines agree on more than a token expansion of se vices between both countries.

Pending the development of more cost efficient supersonic transport in the 21st century, Australia is going to stay at the end of a 24-hour flight from most European markets, and a minimum of about 14 hours from the U.S. West Coast.

The tyranny of time and distance was never more apparent in Australia than this last northern summer, when travelling Americans largely chose to spend their stronger dollars on the familiar European destinations closer to home.

The growth in Australian outbound tourism has shown a similar preference to look closer instead of further from home. Although Australians still neglect New Zealand, which is often labelled in ignorance as the last resort, they have discovered Vanuatu (which will appear as the New Hebrides on all but recent atlases), Hong Kong shopping, and the South Pacific ocean cruise.

Luxury resorts

Bali, "the island of the gods," has been repositioned by some new luxury resorts much closer to the wallets and tastes of the affluent than it was even one year ago.

It is a fact of life that when the British want a holiday at the beach, they will take a two- or three-hour flight to Spain or Greece rather than British Airways to Bondi Beach, leaving London any evening and arriving Sydney two sunrises later.

The staple traffic of British-Australian tourism remains the visiting friends and relatives, or VFR, market and despite a healthy growth in such as British Airways Poundstretcher packages (up as much as 15 per cent by volume compared to last year), no one expects VFR to be eclipsed by a sudden demand for packaged holidays.

In some ways, the Australian tourist product has improved beyond recognition. There are new hotels in the capital cities readily comparable in standard to the world's better Meridien, Sheraton and Hilton properties, and their older competitors have launched some highly ambitious renovations in order to stay in business.

Out of the big cities, in Darwin, Cairns, and Alice Springs, the new properties are not only well appointed, but models of architectural inspiration. At Uluru, formerly Ayers Rock, where the dreaming trails of Aboriginal mythology cross, the new tourist village of Yulara replaces the untidy motels in an environmentally-sensitive development concealed within the areas of vegetated sand dunes 17 kilometres away from the monolith.

The country has started to fret over the fast crumbling relics of the convict era at Port Arthur, and question the demolition of the old in the pursuit of the new.

I would not hesitate to book a discerning or widely travelled overseas visitor into a short list of Australian resorts, including The Resort at Surfers' Paradise, Bedarra Island, near the Great Barrier Reef, several Whit-Sunday Passage properties or a suburban hotel in Sydney, the Manly Pacific International, which is a spectacular 40-minute ferry-ride from Circular Quay, adjacent to the Sydney Opera House.

In the four south-eastern states, New South Wales, Victoria, Tasmania and South Australia, small entrepreneurs have snapped up dilapidated boarding houses and neglected art deco country hotels, and turned them into weekend retreats for the people of Sydney, Melbourne, Hobart and Adelaide.

A British visitor who has not been to Australia in recent years will inevitably find cause for astonishment in the improved range and standard of Continental and oriental cuisine in Australia.

Things are different in the Centre.

This is *terra incognita* even to most Australians, who often forget about crocodiles and wake up at their riverside camps to discover the dog's leash shorter than it was when they turned in for the night.

I can still see the shock on the face of an Englishman at a bar near Daly Waters. A giant television screen showed Carl Sagan conducting his voyage of the imagination through the Cosmos while the woman who owned the pub dashed past with an axe to despatch the python which had just been discovered eating her kittens.